TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

New Zealand

This report, prepared for the sixth Trade Policy Review of New Zealand, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from New Zealand on its trade policies and practices.

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CONTENTS

[SUMMARY 7](#_Toc97800111)

[1  ECONOMIC ENVIRONMENT 11](#_Toc97800112)

[1.1  Main Features of the Economy 11](#_Toc97800113)

[1.2  Recent Economic Developments 12](#_Toc97800114)

[1.2.1  Monetary and exchange rate policies 15](#_Toc97800115)

[1.2.2  Fiscal policy 17](#_Toc97800116)

[1.2.3  Balance of payments 18](#_Toc97800117)

[1.3  Trade and Investment Performance 19](#_Toc97800118)

[1.3.1  Trade in goods 19](#_Toc97800119)

[1.3.2  Trade in services 21](#_Toc97800120)

[1.3.3  Foreign direct investment 22](#_Toc97800121)

[2  TRADE AND INVESTMENT REGIMES 25](#_Toc97800122)

[2.1  General Framework 25](#_Toc97800123)

[2.2  Trade Policy Formulation and Objectives 26](#_Toc97800124)

[2.3  Trade Agreements and Arrangements 27](#_Toc97800125)

[2.3.1  WTO 27](#_Toc97800126)

[2.3.2  Regional and preferential trade agreements 28](#_Toc97800127)

[2.3.3  Unilateral preferential regimes 33](#_Toc97800128)

[2.3.4  Other agreements and arrangements 33](#_Toc97800129)

[2.4  Foreign Investment Regime 34](#_Toc97800130)

[2.4.1  Regulatory framework 34](#_Toc97800131)

[2.4.2  Other aspects of New Zealand's foreign investment regime 37](#_Toc97800132)

[3  TRADE POLICIES AND PRACTICES BY MEASURE 39](#_Toc97800133)

[3.1  Measures Directly Affecting Imports 39](#_Toc97800134)

[3.1.1  Customs procedures, valuation, and requirements 39](#_Toc97800135)

[3.1.2  Rules of origin 41](#_Toc97800136)

[3.1.3  Tariffs 42](#_Toc97800137)

[3.1.3.1  Applied MFN tariff 43](#_Toc97800138)

[3.1.3.2  Bound tariff 45](#_Toc97800139)

[3.1.3.3  Tariff preferences 46](#_Toc97800140)

[3.1.3.4  Tariff concessions 47](#_Toc97800141)

[3.1.4  Other charges affecting imports 47](#_Toc97800142)

[3.1.4.1  Internal taxes 48](#_Toc97800143)

[3.1.5  Import prohibitions, restrictions, and licensing 49](#_Toc97800144)

[3.1.6  Anti-dumping, countervailing, and safeguard measures 49](#_Toc97800145)

[3.1.6.1  Safeguards 51](#_Toc97800146)

[3.2  Measures Directly Affecting Exports 52](#_Toc97800147)

[3.2.1  Customs procedures and requirements 52](#_Toc97800148)

[3.2.2  Taxes, charges, and levies 52](#_Toc97800149)

[3.2.3  Export prohibitions, restrictions, and licensing 52](#_Toc97800150)

[3.2.4  Export support and promotion 53](#_Toc97800151)

[3.2.5  Export finance, insurance, and guarantees 54](#_Toc97800152)

[3.3  Measures Affecting Production and Trade 54](#_Toc97800153)

[3.3.1  Incentives 54](#_Toc97800154)

[3.3.2  Subsidies and other government assistance 56](#_Toc97800155)

[3.3.3  Standards and other technical requirements 56](#_Toc97800156)

[3.3.3.1  Standardization 56](#_Toc97800157)

[3.3.3.2  Conformance system 59](#_Toc97800158)

[3.3.3.3  Labelling and marking 61](#_Toc97800159)

[3.3.4  Sanitary and phytosanitary requirements 62](#_Toc97800160)

[3.3.4.1  General framework 62](#_Toc97800161)

[3.3.4.2  Food products 64](#_Toc97800162)

[3.3.4.3  Animal and plant products 67](#_Toc97800163)

[3.3.4.4  Genetically modified organisms (GMOs) 67](#_Toc97800164)

[3.3.5  Competition policy and price controls 68](#_Toc97800165)

[3.3.5.1  Competition policy 68](#_Toc97800166)

[3.3.5.1.1  Enforcement 70](#_Toc97800167)

[3.3.5.1.2  International cooperation 71](#_Toc97800168)

[3.3.5.2  Price controls 72](#_Toc97800169)

[3.3.6  State trading, state-owned enterprises, and privatization 73](#_Toc97800170)

[3.3.7  Government procurement 74](#_Toc97800171)

[3.3.7.1  Thresholds and exemptions 77](#_Toc97800172)

[3.3.7.2  International cooperation 78](#_Toc97800173)

[3.3.8  Intellectual property rights 78](#_Toc97800174)

[3.3.8.1  Overview 78](#_Toc97800175)

[3.3.8.2  Policies on promotion and commercialization of innovation 79](#_Toc97800176)

[3.3.8.3  International context 81](#_Toc97800177)

[3.3.8.4  Genetic resources, traditional knowledge, and folklore 82](#_Toc97800178)

[3.3.8.5  Patents 83](#_Toc97800179)

[3.3.8.6  Undisclosed information 84](#_Toc97800180)

[3.3.8.7  Plant variety rights 84](#_Toc97800181)

[3.3.8.8  Industrial designs 85](#_Toc97800182)

[3.3.8.9  Trademarks 86](#_Toc97800183)

[3.3.8.10  Geographical indications 86](#_Toc97800184)

[3.3.8.11  Copyright and related rights 87](#_Toc97800185)

[3.3.8.12  Enforcement 88](#_Toc97800186)

[3.3.8.13  IP matters relating to COVID‑19 90](#_Toc97800187)

[4  TRADE POLICIES BY SECTOR 93](#_Toc97800188)

[4.1  Agriculture, Forestry, and Fisheries 93](#_Toc97800189)

[4.1.1  Overview 93](#_Toc97800190)

[4.1.2  Border measures 93](#_Toc97800191)

[4.1.2.1  Import measures 93](#_Toc97800192)

[4.1.2.2  Export measures 94](#_Toc97800193)

[4.1.3  Domestic support 95](#_Toc97800194)

[4.1.4  Dairy industry 95](#_Toc97800195)

[4.1.5  Fisheries 96](#_Toc97800196)

[4.1.6  Environmental measures and sustainable management of resources 97](#_Toc97800197)

[4.2  Energy 98](#_Toc97800198)

[4.2.1  Electricity 99](#_Toc97800199)

[4.2.2  Hydrocarbons 100](#_Toc97800200)

[4.3  Manufacturing 102](#_Toc97800201)

[4.4  Services 104](#_Toc97800202)

[4.4.1  Financial services 104](#_Toc97800203)

[4.4.1.1  Banking 105](#_Toc97800204)

[4.4.1.2  Insurance 109](#_Toc97800205)

[4.4.1.3  Other financial services 110](#_Toc97800206)

[4.4.2  Telecommunications 111](#_Toc97800207)

[4.4.2.1  General features and market structure 111](#_Toc97800208)

[4.4.2.2  Regulatory regime 113](#_Toc97800209)

[4.4.2.3  Digital inclusion and cybersecurity 114](#_Toc97800210)

[4.4.3  Transport services 116](#_Toc97800211)

[4.4.3.1  Overview 116](#_Toc97800212)

[4.4.3.2  Air transport 117](#_Toc97800213)

[4.4.3.3  Maritime transport 119](#_Toc97800214)

[4.4.4  Tourism 120](#_Toc97800215)

[5  APPENDIX TABLES 123](#_Toc97800216)

CHARTS

[Chart 1.1 GDP by economic activity (at basic current prices), 2019/20 12](#_Toc97792506)

[Chart 1.2 Exchange rates, January 2015-December 2021 17](#_Toc97792507)

[Chart 1.3 Product composition of merchandise trade by main HS section, 2015 and 2021 20](#_Toc97792508)

[Chart 1.4 Direction of merchandise trade, 2015 and 2021 21](#_Toc97792509)

[Chart 3.1 Distribution of MFN applied tariff rates, 2014 and 2021 44](#_Toc97792510)

[Chart 3.2 Average applied MFN and bound tariff rates, by HS section, 2014 and 2021 45](#_Toc97792511)

[Chart 3.3 Tariff escalation by 2-digit ISIC industry, 2021 45](#_Toc97792512)

[Chart 3.4 Charges for the use of intellectual property, n.i.e., 2015-20 79](#_Toc97792513)

TABLES

[Table 1.1 Selected macroeconomic indicators, 2014/15-2020/21 14](#_Toc97793381)

[Table 1.2 Balance of payments, 2014/15-2020/21 18](#_Toc97793382)

[Table 1.3 Composition of trade in services, 2014/15-2020/21 22](#_Toc97793383)

[Table 1.4 Inward stock of foreign direct investment, 2014/15-2020/21 23](#_Toc97793384)

[Table 1.5 Outward stock of foreign direct investment, 2014/15-2020/21 24](#_Toc97793385)

[Table 2.1 FTAs signed or upgraded during 2015-21 29](#_Toc97793386)

[Table 3.1 Goods clearance fees and hourly rate, 2022 40](#_Toc97793387)

[Table 3.2 Customs Appeal Authority statistics, 2015-20 41](#_Toc97793388)

[Table 3.3 Tariff structure of New Zealand, 2014 and 2021 43](#_Toc97793389)

[Table 3.4 Tariff lines where the MFN applied rates exceed bound rates, 2021 46](#_Toc97793390)

[Table 3.5 Summary analysis of New Zealand's preferential tariffs, 2021 46](#_Toc97793391)

[Table 3.6 Health Promotion Agency (HPA) levy rates for alcohol, 2022 48](#_Toc97793392)

[Table 3.7 Trade remedy investigations, 2016-21 50](#_Toc97793393)

[Table 3.8 Definitive anti-dumping measures, as of 31 December 2021 51](#_Toc97793394)

[Table 3.9 Subsidy schemes, 2021 56](#_Toc97793395)

[Table 3.10 New Zealand standards, 2015-21 57](#_Toc97793396)

[Table 3.11 Food of High Regulatory Interest 65](#_Toc97793397)

[Table 3.12 Food of Increased Regulatory Interest 66](#_Toc97793398)

[Table 3.13 Data on competition enforcement, 2016-20 71](#_Toc97793399)

[Table 3.14 Signed bilateral agreements/arrangements on competition issues, 2016-21 72](#_Toc97793400)

[Table 3.15 Summary of RTAs with competition chapters signed, 2016-21 72](#_Toc97793401)

[Table 3.16 Illustrative list of firms with state participation, 2021 73](#_Toc97793402)

[Table 3.17 Government procurement in New Zealand, 2015-20 75](#_Toc97793403)

[Table 3.18 Number of IP items intercepted and IP interception incidents, 2014-19 89](#_Toc97793404)

[Table 4.1 Agriculture production by main categories, 2015-20 93](#_Toc97793405)

[Table 4.2 Energy production and its breakdown by source, 2015-20 98](#_Toc97793406)

[Table 4.3 Total energy consumption by sector/user, 2015-20 98](#_Toc97793407)

[Table 4.4 New Zealand's installed power generation capacity, 2015-20 99](#_Toc97793408)

[Table 4.5 New Zealand's production, imports, and exports of oil and gas, 2015-20 101](#_Toc97793409)

[Table 4.6 Manufacturing production by main subsector, 2015-20 102](#_Toc97793410)

[Table 4.7 Registered banks, 2022 106](#_Toc97793411)

[Table 4.8 Banking sector indicators, 2015-20 107](#_Toc97793412)

[Table 4.9 New Zealand telecommunications snapshot statistics, 2013/14-2019/20 111](#_Toc97793413)

[Table 4.10 Visitors by key markets with percentage of total, 2015-21 120](#_Toc97793414)

BOXES

[Box 2.1 Selected reforms simplifying New Zealand's foreign investment regime 35](#_Toc97743425)

[Box 3.1 Development process of New Zealand standards 58](#_Toc97743426)

[Box 3.2 Conformity assessments and related MRAs signed by New Zealand, 2022 61](#_Toc97743427)

APPENDIX TABLES

[Table A1.1 Merchandise exports by HS section and major chapter/subheading, 2015-21 123](#_Toc97803822)

[Table A1.2 Merchandise exports by destination, 2015-21 124](#_Toc97803823)

[Table A1.3 Merchandise imports by HS section and major chapter/subheading, 2015-21 125](#_Toc97803824)

[Table A1.4 Merchandise imports by origin, 2015-21 126](#_Toc97803825)

[Table A2.1 Selected notifications to the WTO, 1 January 2015 to 31 December 2021 127](#_Toc97743451)

[Table A2.2 FTAs in force, as at 31 December 2021 129](#_Toc97743452)

[Table A3.1 MFN applied tariff summary, 2021 130](#_Toc97743453)

[Table A3.2 Intellectual property protection, 2022 132](#_Toc97743454)

[Table A3.3 Applications for and registrations of trademarks, patents, and industrial   
designs, 2014-20 135](#_Toc97743455)

[Table A3.4 Standards and conformance infrastructure, 2022 136](#_Toc97743456)

[Table A4.1 New Zealand air transport agreements, 2021 137](#_Toc97721052)

SUMMARY

1. During the review period 2015-21, New Zealand continued to strengthen its position as one of the most open economies in the world and updated some elements of its trade and investment regime. New Zealand considers trade as critical for its prosperity and seeks to ensure that trade is inclusive.
2. New Zealand's real GDP grew 3.4% annually on average between 2015 and 2019, reflecting positive terms of trade but witnessed the largest fall on record in the second quarter of 2020 due to the COVID-19 pandemic. The activity rebounded strongly in the second half of 2020 behind a substantial fiscal policy response focused on cushioning the pandemic's negative effects on households and businesses. The competitiveness of New Zealand's main goods exports, notably live animals and animal products also supported the resilience of the economy. With one in four New Zealanders' jobs dependent on exports, trade is seen by the authorities as the critical enabler of post-pandemic economic recovery. According to the IMF, New Zealand's real GDP growth rate in 2021 is projected to be 5.1%, compounded by strong domestic demand. Nonetheless, lower labour supply because of muted migration flows, weak capital accumulation, and slowing productivity growth are expected to adversely affect potential output.
3. According to the IMF, New Zealand's fiscal and monetary mix has been successful in promoting economic recovery and maintaining price stability. Under recent amendments to its monetary policy framework, price stability is defined as annual increases in the consumer price index of between 1% and 3% on average over the medium term, with a focus on keeping future average inflation near the 2% midpoint of the Reserve Bank of New Zealand (RBNZ)'s target. The RBNZ has also included, for the first time, a second objective of encouraging maximum sustainable employment. Annual inflation averaged 1.3% during 2015-20; the IMF estimates that it increased to 3% in 2021 owing to higher commodity prices and increases in shipping costs. During the review period, New Zealand registered fiscal surpluses up to 2018/19, largely due to spending restraint. Fiscal deficits followed in 2019/20 and 2020/21 on account of the large-scale fiscal measures (expenditure and revenue forgone) in response to the pandemic.
4. New Zealand's external position, including its nominal and real exchange rates, is broadly in line with fundamentals and desired policy settings in view of the IMF. The current account deficit (2.7% of GDP on average during 2015-21) was mainly driven by a large trade deficit. New Zealand's exports have performed better than the Government initially expected during the pandemic, providing much needed help to the economy. However, the global spread of COVID-19 and the resulting containment measures took a heavy toll on New Zealand's merchandise exports and imports. In 2020/21, New Zealand's total two-way trade had its largest recorded annual fall. Trade performance across New Zealand's key trading partners has varied widely through the pandemic, based on a range of factors, including the individual pandemic experience of each partner and the respective bilateral export/import product mix.
5. During the review period, New Zealand developed its new trade strategy, the Trade for All Agenda, based on a wide public consultation process that took place in 2018. The Agenda aims to ensure that New Zealand's trade policy benefits all New Zealanders and is coherent and supportive of other government policies targeted to achieve sustainable and inclusive economic development. In June 2020, New Zealand also adopted the Trade Recovery Strategy, which included: (i) broadening the support for exporters; (ii) working towards strengthening and reforming the WTO and pursuing trade agreements; and (iii) refreshing major trade relationships to achieve further trade diversification.
6. New Zealand is a firm supporter of the multilateral trading system and remains actively engaged at the WTO. It took leadership roles as chairs of various WTO bodies, including the General Council in 2020, and promoted and participated in discussions on joint initiatives such as, for example, micro, small, and medium-sized enterprises, e-commerce, services domestic regulation, investment facilitation, trade and gender, and trade and climate. It also supports a TRIPS waiver on COVID-19 vaccines, as well as reforms to strengthen the WTO. In 2015, New Zealand ratified the Agreement on Trade Facilitation, endorsed the expansion of the Information Technology Agreement, and also joined the plurilateral Agreement on Government Procurement (GPA). New Zealand maintains a strong record of notifications, providing more than 300 notifications to the WTO since January 2015. During the review period, New Zealand was involved as a complainant in one dispute settlement case and has not been a respondent.
7. New Zealand is also pursuing its trade objectives through regional and bilateral initiatives. Since 2015, New Zealand added four new regional trade agreements (RTAs) to its network, which currently consists of 13 RTAs involving 29 economies, including some of its main trading partners, namely Australia, China, and Japan. The new four RTAs, all in force, are: the New Zealand-Republic of Korea FTA, the Pacific Agreement on Closer Economic Relations Plus (PACER Plus), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP). In addition, New Zealand signed an FTA with the United Kingdom in February 2022, and further RTAs are under negotiation with the European Union, India, and the Pacific Alliance (Chile, Colombia, Mexico, and Peru).
8. In general, foreign investments in New Zealand are permitted without restrictions; some exceptions apply notably to investments involving assets deemed as sensitive, which are subject to approval following a screening process, and since 2020, to those involving businesses considered strategically important. New Zealand also applies specific limitations on foreign investments in its national flag carrier and the telecommunications company (Chorus). During the review period, New Zealand launched a broad reform to simplify its foreign investment regime and enhance the coverage of high-risk transactions.
9. New Zealand updated and modernized its customs legislation since its last Review. Import and export procedures, including customs valuation regulations and appeal mechanisms, as well as import/export prohibitions, restrictions and licensing are now regulated through the Customs and Excise Act 2018, which replaced the Customs and Excise Act 1996. The 2018 Act came into force on 1 October 2018 with a view of making the customs regime more transparent. It provides for a number of new services and better support compliance, and also intends to promote economic growth by making it easier for traders to do business.
10. New Zealand's simple average applied MFN tariff rate was 2.2% in 2021 (2.4% in 2014), considerably lower than the simple average bound tariff rate of 10.5%. Differences between bound and applied rates may provide the Government with scope to raise applied tariffs, although this was not the case during the period under review. Over 60% of tariff lines are duty free, although higher tariffs continue to apply to footwear, textiles, and clothing.
11. New Zealand's current quantitative restrictions in force are implemented for various purposes, such as protection of public morals, compliance with domestic regulations and international conventions, or protection of public health. They include agricultural products, chemicals, and endangered species, as well as a range of food products.
12. The Dumping and Countervailing Duties Act 1988 was amended in May 2017 to provide for a public interest assessment in the application of anti-dumping and countervailing duties. Otherwise, no major changes were made during the review period to New Zealand's legislation and institutional framework on anti-dumping, countervailing and safeguard measures. Since its last Review, New Zealand initiated and completed several anti-dumping and countervailing investigations, with some anti-dumping duties levied and no countervailing duties applied. New Zealand did not impose any safeguard measures or undertake any safeguard investigations during the review period.
13. Over the last few years, the main export promotion agency, New Zealand Trade and Enterprise, received additional funding and resource to support the country's trade recovery. New Zealand continues to provide various forms of incentives to firms with a strong emphasis on innovation and capacity building; according to the authorities these are not targeted at specific sectors. In its latest notification to the WTO, New Zealand reported 3 subsidy schemes in 2021 (down from 11 in 2011), which aim to promote R&D, industry innovation, business capabilities, jobs, sustainable economic development, and environmental sustainability.
14. The Standards and Accreditation Act 2015 entered into force in March 2016 as the principal legal instrument for the development and adoption of standards and conformity assessments. It has led to institutional reforms affecting the process for the approval of standards, and the management structure of the International Accreditation New Zealand, the country's accreditation body. Since 2015, New Zealand has signed three new recognition agreements or arrangements: one for the acceptance of conformity assessment results, and two for certification. New Zealand has also adopted two new Consumer Information Standards Regulations requiring labelling information for water-using equipment (2017), and food (2021). The latter, requiring that labels include the country of origin, was the object of the only TBT specific trade concern against New Zealand during the review period. In 2018, New Zealand also started to fully implement its standardized packaging regime for tobacco.
15. The authorities have continued to take actions with a view to further reinforcing New Zealand's biosecurity protection, including traceability obligations and food recall requirements. At the same time, SPS-related boarder procedures were streamlined through a number of reforms, including the use of automated electronic systems for issuing export certificates for food, plant, and animal products. New Zealand's risk-based SPS regulations apply equally to imported and domestically produced food, animal, and plant products. Food products that represent higher risk are identified by the authorities on a regular basis, and are subject to more stringent food safety requirements. Animal and plant products cannot be imported into New Zealand, unless an import health standard (IHS) has been developed to specify the biosecurity requirements that must be met by that product; 16 IHSs were drafted between 2015 and 2021. In 2018, specific trade concerns were raised with respect to New Zealand's draft import health standard for vehicles, machinery, and equipment in the SPS Committee.
16. During the review period, New Zealand's competition framework, under the Commerce Act, was amended several times. The amendments created a new regime relating to cartels by categorizing cartel conduct into three different types: price‑fixing, restricting output, and allocating markets. The amendments also criminalize cartels and accorded the Commerce Commission the power to conduct market studies and the right to accept enforceable undertakings to resolve competition concerns. The Commission has the power to clear a proposed merger if the transaction is unlikely to have the effect of substantially lessening competition in a market in New Zealand. Some sectors of the economy (such as the fuel market and the retail grocery sector) still suffer from limited competition.
17. In 2019, updated Government Procurement Rules came into force, introducing the concept of "broader outcomes" to be considered by procuring entities in their procurement strategies, individual procurement procedures, and at the contract management stage; one such outcome is the requirement that at least 5% of the total number of mandated government agencies’ procurement contracts (including contracts above the GPA thresholds) be awarded to Māori businesses.
18. Since its last Review, New Zealand acceded to four new WIPO treaties as well as the Paris Act (1971) of the Berne Convention, undertook new IP commitments in its FTAs, and amended/adopted several IP laws. The Government has continued to work with Māori to address the protection, use and development of Māori knowledge system. A *sui generis* system for the protection of geographical indications was implemented in 2017, while a new regime for the protection of plant variety rights is expected to enter into force in 2022. Patenting activity has declined in New Zealand, following the implementation of higher patentability requirements, while trademark applications and grants has steadily increased. Data protection for confidential information supporting an application for registration of an agricultural or veterinary compound was expanded. The Copyright Act 1994 was recently amended to strengthen the related rights of performers and to expand the availability of copyrighted works to those with print disabilities. Creative and broadcasting industries have recently called for new measures to combat digital piracy. Interceptions of trademark and copyright-related goods by customs authorities declined sharply in the last few years.
19. During the review period, agricultural output increased, mainly due to meat and dairy production. The sector continued to contribute significantly to New Zealand's total merchandise exports (over half of goods exported), while it accounted for 6.2% of GDP in 2019/2020 and 5.84% of employment in 2019. Nonetheless, growth in agricultural total factor productivity lags behind the OECD's average, and nearly half of New Zealand's greenhouse gas emissions come from agriculture; Government efforts are underway to address these issues. The simple average applied MFN tariff on agricultural products (WTO definition) was 1.8% in 2021, and government support to the sector is among the lowest within the OECD, with the main support measures focused on pest and disease control, knowledge and innovation systems, environmental programmes, and infrastructural services. Export regulations establish a prior approval system for export of Kiwifruit, and a licensing system for export of horticultural products. Fishing activities have a great socio-economic and strategic importance, with some 13,500 people employed in the sector and a contribution of NZD 4.2 billion per year in economic activity. With a view to ensuring sustainability of its fish stock, New Zealand implements a quota management system. Foreign-flagged charter vessels fishing in New Zealand waters (within the 200-mile limit) are required to reflag as New Zealand ship.
20. While hydrocarbons continue to be New Zealand's main source of primary energy and an important source of greenhouse gas emissions, energy efficiency is a high priority for the authorities. Several strategic plans, and an emission trading system, were put in place during the review period to achieve environmental targets at both domestic and international levels, including a goal to transition to net zero carbon emissions by 2050.
21. The manufacturing sector accounted for 10.7% of GDP and 8.6% of employment in 2019/20, and 17.8% of merchandise exports in 2021. The simple average applied MFN tariff in manufacturing was 2.3% in 2021 compared with 2.5% in 2015. The Government's main efforts seek to promote innovation, while limiting the sector's environmental footprint.
22. The services sector accounts for 71.6% of GDP. Financial services are dominated by the banking industry, which held some 86% of overall financial system assets in 2021. The four large foreign-owned banks hold 85% of bank lending. Efforts are underway to further develop capital markets. Several regulations have recently been issued to further reinforce the prudential regime for financial institutions.
23. The telecommunications market has continued to grow over the last few years, in line with the rising trend in mobile services, while fixed-line connections were declining. The pandemic led to an increase in fixed broadband data usage; however, travel restrictions led to a collapse in total mobile roaming. The Government, in collaboration with the private sector, has mobilized large resources to further improve telecommunications infrastructure, including broadband connectivity. In recent years, digital inclusion and cybersecurity have become strategic goals for the authorities. Several public programmes have been launched to further improve mobile coverage and access to fast broadband in homes and businesses. As connectivity continues to support New Zealand's economy, measures have been taken to protect users against cyber threats.
24. New Zealand has signed air services agreements with 71 partners, and continues to advocate for open skies agreements, based on its international air transport policy. In the wake of the pandemic, the Government implemented a number of financial packages to: (i) support the continuation of essential trade flows, including the import of medical supplies and the maintenance of air connectivity for passengers and future tourism capacity, and (ii) ensure the sustainability of the aviation sector.
25. No significant regulatory changes took place in maritime transport during the review period. Maritime transport remains key to New Zealand freight movement. Shipping services are provided by both New Zealand based ship operators and international shipping lines, for whom cabotage is restricted. Foreigners are only allowed to register a ship under the country's flag in co-ownership with majority owner New Zealand nationals.
26. Historically, tourism is New Zealand's largest export earner, and it contributes significantly to GDP, employment, and tax revenue. However, in 2020 and 2021, the tourism industry suffered from the impact of the pandemic. In response, the Government undertook several support measures for the sector. Funding was provided through a range of initiatives including the protection of core tourism assets, as well as the development of the domestic tourism market, and digital capabilities.

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# ECONOMIC ENVIRONMENT

## Main Features of the Economy

New Zealand remains one of the most open economies in the world, as it highly encourages private entrepreneurship and competition. During the period under review, New Zealand maintained its efforts in creating a proactive regulatory framework, with strong emphasis on innovation and capacity‑building. According to the latest Institute for Management Development (IMD) World Competitiveness report, New Zealand ranked 20th among 64 economies, with an effective legal system, policy stability and predictability, and a business-friendly environment as some of its main strengths. On the other hand, the report also indicates that sustaining the ease of doing business amid tighter regulations and overall low levels of workforce productivity are some of New Zealand's main challenges.[[1]](#footnote-1)

Despite New Zealand's conducive economic policy context, gross domestic product (GDP) growth potential remains constrained by long-standing structural issues, notably weak productivity growth.[[2]](#footnote-2) According to the IMF, better financed R&D, by both the Government and the private sector, could further enhance innovation and productivity, while larger foreign direct investment (FDI) inflows could boost global collaboration and technology sharing. Recent reforms of the Overseas Investment Act, with the aim of streamlining approval procedures, could help in this regard (Section 2.4). The IMF also suggests reducing infrastructure gaps, particularly in energy, transport, and telecoms; revisiting product market regulations to lower costs and spurring competition without sacrificing safety or other interests; and reducing high unemployment among young people/some ethnic communities[[3]](#footnote-3), and addressing income inequality through targeted labour market interventions.[[4]](#footnote-4)

The structure of New Zealand's economy has not changed significantly over the past few years. As shown in Chart 1.1, the services sector continues to be the main contributor to GDP, with an estimated 71.6% share in FY2019/20 (71.5% in 2014/15), followed by manufacturing with 10.7% (12.1% in 2014/15); construction with 7.6% (6.2% in 2014/15); agriculture, forestry and fishing with 6.2% (5.2% in 2014/15); electricity, gas and water with 3.0% (3.4% in 2014/15); and mining and quarrying with 1.0% (1.6% in 2014/15).

International trade plays an important role in New Zealand's economy, albeit decreasingly: merchandise trade (exports and imports), as percentage of GDP, went down from 40.7% in 2014/15 to 35.3% in 2020/21.[[5]](#footnote-5) This fall is partly due to the negative impact the COVID-19 pandemic had on both exports and imports of goods and services. The small size of New Zealand's economy, the remote access to markets and suppliers, and limited participation in global value chains (GVCs) other than food and agriculture also reduce the ability of firms to exploit economies of scale and to export. In 2020, New Zealand ranked 37th among world merchandise exporters and 40th among importers (considering the countries of the European Union together and excluding intra-EU trade). Services exports, mainly travel services, are also a significant source of foreign exchange earnings. In services trade, New Zealand ranked 30th among exporters and 34th among importers.[[6]](#footnote-6)

Chart 1.1 GDP by economic activity (at basic current prices), 2019/20



Note: Fiscal year: 1 April to 31 March.

Source: WTO Secretariat calculations, based on data provided by the authorities.

New Zealand's economy has comparative advantage in resource-based activities. Indeed, primary sector products (e.g. live animals and animal products, dairy, and meat products) continue to dominate New Zealand's merchandise exports, while imports concentrate in manufacturing (transport equipment and machinery) and raw materials. New Zealand's trade is also increasingly concentrated geographically, with Asian economies, notably China and Australia, accounting for almost 70% and 60% of total merchandise exports and imports, respectively (Section 1.3.1).

## Recent Economic Developments

At the time of New Zealand's previous Review, real GDP had expanded at an average annual rate of 2.1% between 2008/09 and 2013/14, driven primarily by private consumption and gross fixed capital formation associated with reconstruction spending after the 2010/11 Canterbury earthquakes. New Zealand also benefited from high export commodity prices and rising terms of trade during most of the review period. Nevertheless, New Zealand also faced some important challenges, including high foreign debt, weak external demand, and low labour productivity.[[7]](#footnote-7)

Since then, according to the IMF, real GDP growth averaged 3.4% during 2015-19 (up from 2.3% over 2003-12).[[8]](#footnote-8) New Zealand's expansion lost momentum in 2017-18 as some key drivers of the strong growth through 2016 (such as reconstruction spending, high net migration, a housing boom, and strong terms of trade) weakened. Economic growth picked up in early 2019 after slowing in the second half of 2018 mostly reflecting a rebound in private business investment growth, and strengthening of residential investment, notwithstanding cooling housing markets.[[9]](#footnote-9)

In 2020, the IMF estimates that New Zealand's real GDP contracted by 2.1% mainly due to the COVID-19 pandemic. However, according to the IMF, New Zealand's economy has weathered the pandemic relatively well.[[10]](#footnote-10) Strict public health measures including lockdowns and border controls led to the sharpest fall in GDP on record in the second quarter of 2020. Nonetheless, activity rebounded strongly in the second half of 2020 supported by a substantial fiscal policy response focused on cushioning the blow for households and businesses.[[11]](#footnote-11) These measures, combined with businesses' own adaptability to COVID-19 restrictions, contributed to the economy, and the labour market in particular, proving more resilient than expected. The relative strength of New Zealand's main goods exports, notably in key primary industries, has also supported the economy (Section 1.3.1).

With one in four New Zealanders' jobs dependent on exports, trade is seen by the authorities as the critical enabler of economic recovery for New Zealand post-COVID-19. Trade policy measures adopted in response to the pandemic initially focused on maintaining its critical trade and supply links to ensure the continued access to essential goods such as medicines and testing kits. New Zealand unilaterally suspended tariffs on medical and pandemic-related goods, concluded a negotiation on essential COVID-19 goods with Singapore and other economies to ensuring supply chain connectivity[[12]](#footnote-12), and set out its Trade Recovery Strategy to provide a framework to help businesses get through the pandemic disruption and to recalibrate trade policy to navigate a turbulent environment (Section 2.2).[[13]](#footnote-13)

New Zealand's economic recovery, however, remains uneven across sectors. While housing‑related sectors (e.g. construction and durable goods retail) have fared well, border restrictions continue to weigh on sectors most exposed to tourism and those reliant on delivering services offshore. The economic impacts of COVID-19 have also been felt disproportionately across the population, with more vulnerable labour market cohorts, such as youth, women, and Māori and Pacific peoples, most affected initially. Nonetheless, according to the authorities, there are signs that some of these impacts are beginning to unwind.[[14]](#footnote-14)

Pandemic-related challenges also continue to be felt. Businesses are increasingly reporting that border restrictions are making it difficult to fill positions. These difficulties are particularly acute for skilled labour in the construction and IT sectors, as well as seasonal workers. In addition, disruption to GVC, congestion at key ports, and significant increases in shipping costs are all challenges for New Zealand businesses. The cost of shipping goods to and from New Zealand has increased significantly, particularly for container-based freight, which includes many consumer goods. Supply chain bottlenecks are also causing material delays in getting goods into and out of New Zealand. These disruptions to the usual flow of both goods and workers are likely to result in greater capacity constraints and inflationary pressures in the economy.[[15]](#footnote-15)

According to the IMF, New Zealand's real GDP is projected to grow by 5.1% in 2021, driven by strong domestic demand.[[16]](#footnote-16) Nonetheless, lower labour supply due to muted migration flows, weak capital accumulation, and slowing productivity growth are expected to adversely affect potential output. Employment and labour incomes have held up better than expected but, as already indicated, the impact has been uneven.[[17]](#footnote-17) The unemployment rate decreased from 5.4% in 2014/15 to 4.7% in 2020/21. Between 2014/15 and 2020/21, GDP per capita remained relative stable at around USD 42,500 (Table 1.1), while New Zealand's ranking in the UN Human Development Index went from 7th to 14th (out of 189 countries) during the review period.[[18]](#footnote-18)

Table 1.1 Selected macroeconomic indicators, 2014/15-2020/21

(Year-end: March, unless otherwise indicated)

|  | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Real GDP, expenditure based, 2009-10 prices (NZD billion) | 218.2 | 227.8 | 236.3 | 246.6 | 256.5 | 263.1 | 262.3 |
| Real GDP, expenditure based, 2009/10 prices (USD billion) | 176.7 | 154.5 | 167.6 | 176.2 | 174.8 | 170.4 | 176.1 |
| Current GDP, expenditure based (NZD billion) | 242.7 | 255.3 | 271.3 | 290.8 | 306.3 | 324.0 | 327.2 |
| Current GDP, expenditure based (USD billion) | 196.5 | 173.1 | 192.4 | 207.9 | 208.7 | 209.8 | 219.4 |
| GDP per capita at current market price (NZD) | 53,422 | 55,048 | 57,224 | 60,196 | 62,331 | 64,310 | 63,798 |
| GDP per capita at current market price (USD) | 43,259 | 37,325 | 40,585 | 43,026 | 42,475 | 41,653 | 42,817 |
| **National accounts (% change, unless otherwise indicated)** |  |  |  |  |  |  |  |
| Real GDP, expenditure based | 3.6 | 4.4 | 3.7 | 4.4 | 4.0 | 2.6 | -0.3 |
| Consumption | 3.2 | 3.7 | 5.3 | 4.6 | 4.3 | 3.2 | 2.1 |
| Private consumption | 3.3 | 4.2 | 6.4 | 4.8 | 4.6 | 2.5 | 0.4 |
| Government consumption | 2.9 | 2.2 | 1.9 | 3.7 | 3.4 | 5.4 | 7.5 |
| Gross fixed capital formation | 8.1 | 3.6 | 2.2 | 6.9 | 5.2 | 2.6 | -4.8 |
| Exports of goods and services | 4.8 | 6.5 | 2.0 | 3.8 | 3.5 | 0.3 | -17.8 |
| Imports of goods and services | 7.7 | 2.6 | 5.6 | 7.8 | 4.3 | 1.1 | -16.1 |
| XGS/GDP (%) (at current market price) | 28.0 | 27.9 | 26.6 | 27.6 | 27.9 | 27.3 | 21.9 |
| MGS/GDP (%) (at current market price) | 27.2 | 27.0 | 25.9 | 26.6 | 27.9 | 27.0 | 22.3 |
| Unemployment rate (%) | 5.4 | 5.4 | 5.1 | 4.6 | 4.3 | 4.1 | 4.7 |
| **Prices and interest rates** |  | | | | | | |
| Inflation (CPI, % change) | 0.9 | 0.3 | 1.1 | 1.6 | 1.7 | 1.9 | 1.5 |
| 90-day bank bill rate  (%, period average) | 3.60 | 2.98 | 2.18 | 1.94 | 1.90 | 1.31 | 0.29 |
| Lending rate  (%, period average) | 5.9 | 5.6 | 4.9 | 4.6 | 4.6 | 4.2 | 3.3 |
| Deposit rate  (%, period average) | 4.09 | 3.52 | 3.23 | 3.30 | 3.26 | 2.83 | 1.24 |
| **Exchange rate** |  |  |  |  |  |  |  |
| USD/NZD (period average) | 0.810 | 0.678 | 0.709 | 0.715 | 0.681 | 0.648 | 0.671 |
| Nominal effective exchange rate (% change) | 2.3 | -7.9 | 5.5 | -1.9 | -2.9 | -2.3 | 1.2 |
| Real effective exchange rate (% change) | 1.5 | -8.6 | 5.2 | -2.0 | -3.0 | -2.3 | 2.0 |
| **Fiscal balance (year ended 30 June, % of GDP)** |  |  |  |  |  |  |  |
| Total Crown revenue | 38.2 | 37.7 | 37.5 | 37.2 | 38.4 | 36.6 | 38.1 |
| Tax revenue | 27.1 | 27.2 | 27.4 | 27.1 | 27.9 | 26.8 | 28.9 |
| Total Crown expenditure | 37.9 | 36.8 | 35.9 | 35.1 | 35.9 | 43.8 | 39.4 |
| Operating balance before gains and losses | 0.2 | 0.7 | 1.5 | 1.9 | 2.4 | -7.3 | -1.3 |
| Gross debta | 35.1 | 33.6 | 31.6 | 29.7 | 27.2 | 32.2 | 30.2 |
| Net debtb | 24.7 | 23.9 | 21.6 | 19.4 | 18.6 | 26.3 | 30.1 |
| **Saving and investment**  **(% of GDP)** |  |  |  |  |  |  |  |
| Gross national savings | 19.6 | 20.7 | 20.6 | 20.8 | 20.3 | 21.3 | 19.6 |
| Gross domestic investment | 23.0 | 23.2 | 23.1 | 23.7 | 24.0 | 23.7 | 22.3 |
| **External sector (% of GDP, unless otherwise indicated)** |  |  |  |  |  |  |  |
| Current account balance | -3.4 | -2.5 | -2.5 | -2.9 | -3.7 | -2.3 | -2.5 |
| Goods balance | -0.2 | -1.0 | -1.1 | -1.0 | -1.5 | -0.9 | 0.5 |
| Exports | 20.3 | 19.1 | 18 | 18.9 | 19.2 | 18.8 | 17.9 |
| Imports | 20.5 | 20.1 | 19.1 | 19.8 | 20.7 | 19.7 | 17.4 |
| Services balance | 1.0 | 1.9 | 1.8 | 1.9 | 1.4 | 1.2 | -0.9 |
| Credit | 7.7 | 8.8 | 8.6 | 8.7 | 8.7 | 8.5 | 4.0 |
| Debit | 6.7 | 6.8 | 6.7 | 6.8 | 7.3 | 7.3 | 4.9 |
| Capital account | 0.0 | 0.1 | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial account | 0.5 | 1.4 | 2.0 | 1.1 | 0.8 | -0.2 | 4.1 |
| Direct investment | 1.1 | 0.0 | 1.1 | 1.6 | 0.5 | 2.3 | 1.9 |
| Balance of payments | -0.8 | 1.3 | -1.1 | -0.9 | 0.9 | -2.6 | 5.5 |
| Terms of trade (June 2002=1,000, end period) | 1,335.0 | 1,331.6 | 1,417.8 | 1,442.5 | 1,413.8 | 1,490.6 | 1,477.4 |
| Merchandise exports (% change)c | -2.4 | -0.7 | 0.1 | 12.2 | 7.2 | 3.6 | -4.0 |
| Merchandise imports (% change)c | 4.1 | 3.4 | 0.9 | 11.2 | 9.7 | 1 | -11.1 |
| Service exports (% change)c | 12.2 | 19.8 | 4.1 | 8.4 | 5.1 | 3.9 | -52.7 |
| Service imports (% change)c | 4.5 | 7.2 | 4.7 | 7.9 | 12.6 | 6.3 | -32.1 |
| Net foreign liabilities (%, end‑March) | -62.0 | -60.8 | -54.6 | -51.6 | -53.9 | -55.5 | -50.5 |
| Official reserve assets (NZD billion, end-March) | 24.7 | 24.3 | 26.6 | 30.1 | 27.7 | 39.2 | 18.5 |
| % of GDP | 10.2 | 9.5 | 9.8 | 10.3 | 9.0 | 12.1 | 5.7 |
| Total external debt (NZD billion, end-March) | 248.9 | 258.4 | 265.9 | 275.5 | 284.3 | 306.5 | 289.3 |
| % of GDP | 102.6 | 101.2 | 98.0 | 94.6 | 92.7 | 95.1 | 88.9 |

a Gross debt is defined as gross sovereign-issued debt excluding Reserve Bank of New Zealand (RBNZ) settlement cash and RBNZ bills.

b Net debt is defined as core Crown net debt excluding the New Zealand Super Fund and advances.

c Growth rates based on trade figures taken from the Balance of Payment in NZD.

Source: Statistics New Zealand. Viewed at: <https://www.stats.govt.nz/>; RBNZ. Viewed at: <https://www.rbnz.govt.nz/>; The Treasury. Viewed at: <https://www.treasury.govt.nz/>; and IMF, International Financial Statistics. Viewed at: <https://www.imf.org/en/Data>.

### Monetary and exchange rate policies

The Reserve Bank of New Zealand (RBNZ) is responsible for conducting monetary policy. The Reserve Bank of New Zealand Act 1989 states that the economic objectives of monetary policy are to achieve and maintain stability in the general level of prices over the medium term and support maximum sustainable employment. In this regard, monetary policy helps to promote the prosperity and well-being of New Zealanders and contribute to a sustainable and productive economy. Amendments to New Zealand's monetary policy framework came into effect on 1 April 2019.[[19]](#footnote-19) The remit, charter, and code of conduct are key components of the new framework.[[20]](#footnote-20) The remit was revised in February 2021 by the Minister of Finance to state that in pursuit of its inflation and employment objectives, the Monetary Policy Committee (MPC) is to assess the effect of its decisions on the Government's policy to support more sustainable housing prices, including by dampening investor demand for existing housing stock, which would improve affordability for first-home buyers.[[21]](#footnote-21)

Prior to 2019, the Reserve Bank Act 1989 required that the then single target of price stability be defined in a specific and public contract, negotiated between the Government and the RBNZ. This was called the Policy Targets Agreement (PTA). The PTA changed over time, with the final agreement in March 2018, defining price stability as annual increases in the Consumer Price Index (CPI) of between 1% and 3% on average over the medium term, with a focus on keeping future average inflation near the 2% target midpoint. The final PTA also included, for the first time, a second objective of supporting maximum sustainable employment.[[22]](#footnote-22)

The MPC sets monetary policy to achieve its inflation and employment objectives, as defined in its remit. The MPC reviews policy at least seven times a year, and typically adjusts policy by setting the Official Cash Rate (OCR).[[23]](#footnote-23) During the review period, monetary policy maintained an accommodative stance in order to support economic recovery and maintain price stability. The MPC gradually reduced the OCR rate from 3.5% in 2015 to 1.0% until February 2020.[[24]](#footnote-24)

Due to the COVID-19 pandemic, the OCR rate was cut by 0.75 points to 0.25% in March 2020, responding to the weaker growth and inflation outlook. To keep interest rates faced by households and businesses low, the MPC also utilized additional tools during this period. These included large‑scale purchases of government and Local Government Funding Agency bonds, and the Funding-for-Lending programme. On 6 October 2021, the MPC increased the OCR for the first time in seven years to 0.50% so as to keep low inflation and support maximum sustainable employment. On 24 November 2021, the MPC further raised the OCR to 0.75%.[[25]](#footnote-25)

According to the IMF, annual CPI inflation averaged 1.3% during 2015‑20, compared with 2.6% over 2003-12. The average annual rate of inflation in a given year ranged from 0.3% in 2015 to 1.9% in 2017; it was 1.7% in 2020. For 2021, the IMF estimates an average inflation rate of 3.0%, driven by higher commodity prices and temporary increases in shipping costs.[[26]](#footnote-26)

The MPC assesses the inflation and employment outlook on an ongoing basis, with a current view to continue to reduce the level of monetary stimulus over time so as to best meet its policy remit.[[27]](#footnote-27) In the November 2021 Monetary Policy Statement, the RBNZ's economic outlook suggests that stimulus will need to be removed over the next 18 months in order for inflation to return to the 2% midpoint of the MPC's target over the next three years. According to the IMF, inflation is expected to durably reach the 2% midpoint of the RBNZ's target only from 2024. The IMF suggests that monetary policy should remain accommodative for an extended period.[[28]](#footnote-28)

The evolution of the NZ dollar exchange rate since January 2015 is shown in Chart 1.2.[[29]](#footnote-29) It depreciated sharply in 2015 mainly due to lower export prices and heightened uncertainty about the global economic outlook; it appreciated during 2016 and the beginning of 2017, putting pressure on export earnings. The real effective exchange rate depreciated from 2017 until mid-2020, mirroring the declining interest differential, which turned negative in 2018, and also likely reflected the slowing economic activity in 2019. Since the third quarter of 2020, both the real and nominal exchange rate appreciated somewhat, partially reversing some of the depreciation since 2017 with the fast economic recovery and resilient commodity prices. According to the IMF, New Zealand's external position, including its nominal and real exchange rates, is broadly in line with fundamentals and desired policy settings.[[30]](#footnote-30)

Chart 1.2 Exchange rates, January 2015-December 2021



Source: IMF, International Financial Statistics.

### Fiscal policy

According to the IMF, New Zealand's fiscal and monetary mix has been appropriately accommodative in recent years.[[31]](#footnote-31) The Government's operating balance (before gains and losses), as share of GDP, registered surpluses that went from 0.2% in 2014/15 to 2.4% in 2018/19, mainly on account of spending restraint. Indeed, total Crown expenditure, as a share of GDP, declined from 37.9% of GDP to 35.9%, while total Crown revenue increased slightly from 38.2% to 38.4% over that period.[[32]](#footnote-32) Nonetheless, fiscal deficits of 7.3% of GDP and 1.3% of GDP were registered in 2019/20 and 2020/21, respectively (Table 1.1), mainly on account of the sizeable economic policy support in response to the pandemic.

As a result of the evolution of the fiscal deficit, net public debt rose to 30.1% of GDP in 2020/21, from 24.7% in 2014/15. Nonetheless, according to the IMF, New Zealand's public debt has remained low compared to that of advanced economy peers, with net government debt projected to peak at 40.1% of GDP in 2023/24. The IMF supports the suspension of the authorities' debt target, which provides additional flexibility to respond to the economic impact pf the pandemic. Once the pandemic-related uncertainties subside, the authorities intend to stabilize net debt as percentage of GDP.[[33]](#footnote-33)

The size and scope of economic policy support in response to the pandemic have been unprecedented. Making use of the substantial fiscal space, the authorities put in place large-scale fiscal measures (expenditure and revenue forgone) amounting to NZD 69.1 billion, or 21.1% of GDP through FY2024/25, including wage subsidies, infrastructure investment, and tax measures to support businesses and investment. In addition, other measures (e.g. Business Finance Guarantee Scheme, Small Business Cashflow Scheme, Convertible Debt Agreement with Air New Zealand, and R&D Loan Scheme) are being implemented. The large-scale fiscal support measures have helped avert a much larger decline in economic activity and employment.[[34]](#footnote-34)

The authorities emphasize that maintaining adequate flexibility is particularly important to address downside risks as shown by the emergence of the Delta and Omicron variants that will most likely result in a decline in the structural fiscal balance in 2021/22. The unallocated portion of the COVID-19 Response and Recovery Fund (around NZD 4.3 billion) could play a central role in mitigating economic effects of any further pandemic-related shocks. At the same time, New Zealand's rapidly ageing population poses a challenge to fiscal sustainability although less so than in other developed countries.[[35]](#footnote-35)

### Balance of payments

Traditionally, New Zealand has run a current account deficit, averaging close to 4.0% of GDP over the past few decades. These deficits reflect a long-standing structural savings-investment imbalance financed by overseas borrowing. During the review period, the current account deficit was mainly driven by a large trade deficit, which could not be offset by a generally positive financial account balance (Table 1.2).

Table 1.2 Balance of payments, 2014/15-2020/21

(NZD million, year-end: March)

|  | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Current account** | -8,168 | -6,305 | -6,841 | -8,537 | -11,445 | -7,605 | -8,176 |
| Goods and services balance | 1,944 | 2,431 | 2,089 | 2,752 | -138 | 968 | -1,270 |
| Trade balance | -453 | -2,500 | -2,929 | -2,776 | -4,471 | -3,006 | 1,708 |
| Exports | 49,212 | 48,877 | 48,930 | 54,895 | 58,822 | 60,916 | 58,505 |
| Imports | 49,665 | 51,376 | 51,859 | 57,672 | 63,293 | 63,923 | 56,797 |
| Services balance | 2,397 | 4,931 | 5,018 | 5,528 | 4,333 | 3,974 | -2,978 |
| Credit | 18,694 | 22,400 | 23,310 | 25,261 | 26,556 | 27,588 | 13,053 |
| Debit | 16,298 | 17,469 | 18,292 | 19,733 | 22,222 | 23,613 | 16,031 |
| Primary income | -9,774 | -8,471 | -8,738 | -10,927 | -11,057 | -8,009 | -5,615 |
| Credit | 7,209 | 8,109 | 8,274 | 8,425 | 9,232 | 8,715 | 9,159 |
| Investment income | 7,209 | 8,109 | 8,274 | 8,425 | 9,232 | 8,715 | 9,159 |
| Debit | 16,983 | 16,580 | 17,012 | 19,352 | 20,289 | 16,725 | 14,774 |
| Investment income | 16,788 | 16,347 | 16,752 | 19,054 | 19,946 | 16,323 | 14,377 |
| Compensation of employees | 195 | 233 | 260 | 298 | 343 | 402 | 397 |
| Current transfers | -338 | -266 | -193 | -362 | -251 | -564 | -1,290 |
| Credit | 1,971 | 2,166 | 2,318 | 2,334 | 2,758 | 2,653 | 1,665 |
| General government | 717 | 965 | 1,004 | 907 | 1,012 | 989 | 873 |
| Other sectors | 1,254 | 1,200 | 1,314 | 1,428 | 1,746 | 1,664 | 792 |
| Debit | 2,309 | 2,432 | 2,510 | 2,696 | 3,009 | 3,218 | 2,955 |
| General government | 639 | 688 | 647 | 684 | 766 | 867 | 857 |
| Other sectors | 1,670 | 1,744 | 1,864 | 2,012 | 2,242 | 2,351 | 2,098 |
| **Capital account** | 37 | 346 | 2,095 | 122 | -39 | -58 | -29 |
| **Financial account** | 1,259 | 3,677 | 5,432 | 3,137 | 2,569 | -776 | 13,396 |
| New Zealand investment abroad | 9,959 | -4,452 | -103 | -170 | -2,192 | 3,335 | -19,341 |
| Direct investment | 1,411 | 995 | -1,151 | -1,804 | 737 | -812 | 1,134 |
| Portfolio investment | 11,410 | 4,829 | 10,081 | 4,705 | 5,384 | -5,968 | 30,139 |
| Financial derivatives | -3,889 | -6,724 | -5,318 | -4,756 | -4,664 | -6,229 | -17,142 |
| Other investment | -910 | -336 | -6,670 | -1,033 | -742 | 8,003 | -15,348 |
| Reserve assets | 1,936 | -3,216 | 2,955 | 2,719 | -2,907 | 8,340 | -18,124 |
| Foreign investment in New Zealand | 11,218 | -776 | 5,329 | 2,967 | 377 | 2,559 | -5,945 |
| Direct investment | 3,984 | 1,009 | 1,826 | 2,988 | 2,201 | 6,590 | 7,365 |
| Portfolio investment | 16,070 | 9,166 | 15,693 | 5,170 | 5,969 | 5,373 | 144 |
| Financial derivatives | -4,799 | -9,339 | -4,356 | -5,307 | -6,590 | -8,956 | -5,506 |
| Other investment | -4,038 | -1,612 | -7,834 | 116 | -1,203 | -448 | -7,949 |
| Net errors and omission | 6,873 | 2,283 | -686 | 5,277 | 8,915 | 8,440 | -5,191 |
| ***Memorandum:*** |  |  |  |  |  |  |  |
| Current account as % of GDP | -3.4 | -2.5 | -2.5 | -2.9 | -3.7 | -2.3 | -2.5 |
| Balance of payment as % of GDP | -0.8 | 1.3 | -1.1 | -0.9 | 0.9 | -2.6 | 5.5 |

Source: Statistics New Zealand, *Balance of Payments*. Viewed at: <https://www.stats.govt.nz/topics/balance-of-payments>.

The IMF estimates that New Zealand's current account deficit, as a share of GDP, ranged from 2.1% in 2016 to 4.0% in 2018. In 2020, it narrowed significantly to 0.8% of GDP driven by stronger contraction in import than export volumes. Strong terms of trade due to higher food export prices, including for dairy products, also helped narrow down the current account deficit. According to the IMF, however, the deficit is expected to widen again in 2021 to 3.3% of GDP as the economy recovers significantly.[[36]](#footnote-36) With relatively high exposure to international tourism, services exports will lag until borders open.

New Zealand's net foreign liabilities as a percentage of GDP were reduced over the review period from a high of 62.0% in 2014/15 to 50.5% in 2020/21, largely because of lower interest payments offshore due to declining global interest rates (Table 1.1). Official external reserves fluctuated during the review period and stood at NZD 18.5 billion (or 5.7% of GDP) by 2020/21 (Table 1.1).

Total external debt, as a percentage of GDP, amounted to 88.9% in 2020/21, down from 102.6% in 2014/15 (Table 1.1). Most of external debt (about 80.0%) is held by the private sector.

## Trade and Investment Performance

### Trade in goods

Based on balance-of-payments figures, New Zealand's merchandise exports grew at an average annual rate of 3.3% between 2014/15 and 2019/20, while merchandise imports increased on average by 5.1% annually between the same years. As a result, the trade deficit increased from NZD 453 million in 2014/15 to NZD 3,006 million in 2019/20 (Table 1.2). During that period, the performance of New Zealand's merchandise trade was subject to important fluctuations in commodity prices and the exchange rate (Table 1.1).

The performance of New Zealand's exports through the COVID-19 pandemic was better than initially feared, providing much needed support to the economy during the worst of the economic disruption. Nonetheless, the global spread of the pandemic and the resulting containment measures took a heavy toll on New Zealand's merchandise exports and imports. Indeed, New Zealand's total two-way trade fell 17.0% in the year to March 2021, the largest annual fall since data began in the early 1970s.[[37]](#footnote-37) Trade performance across New Zealand's key trading partners has varied widely through COVID‑19, based on a range of factors, including the partners' COVID-19 experience and the respective bilateral export/import product mix.

New Zealand's merchandise exports increased from USD 34.4 billion in 2015 to USD 44.8 billion in 2021, a big jump from USD 38.9 billion in 2020 (Table A1.1). The primary sector continues to be the most important contributor to New Zealand's export earnings. Live animals and animal products, mainly dairy and meat products, represented 45.9% of total merchandise exports in 2021 (compared with 42.6% in 2015). Next comes prepared food, beverages and tobacco, which contributed 11.7% of total merchandise exports in 2021 (10.1% in 2015). Vegetable products increased their share in total merchandise exports from 6.2% in 2015 to 7.6% in 2021 (Chart 1.3).

Merchandise exports also continue to be highly concentrated geographically. In 2021, 71.1% of total exports were shipped to Asia, compared with 62.9% in 2015 (Table A1.2). China continues to be New Zealand's largest export market, taking 31.7% of total exports in 2021 (up from 17.6% in 2015), followed by Australia with 12.4%, and the United States with 10.6% (Chart 1.4). Other important export destinations in 2021 were Japan (5.7%), the EU-27 (5.1%), and other economies in Asia, such as the Republic of Korea, Chinese Taipei, and Hong Kong, China.

New Zealand's merchandise imports went from USD 36.5 billion in 2015 to USD 49.4 billion in 2021, a big increase after reaching USD 37.1 billion in 2020 (Table A1.3). Total imports are dominated by manufactured products and raw materials, led by machinery and electrical equipment with 22.9% share in 2021 (up from 21.6% in 2015) and transport equipment (16.0% in 2021). Chemicals increased their participation in total merchandise imports to 9.8%, while petroleum and other mineral products decreased their participation to 8.1% (Chart 1.3).

Chart 1.3 Product composition of merchandise trade by main HS section, 2015 and 2021



Source: WTO Secretariat calculations, based on UN Comtrade database.

Asia was the source of 64.2% of total merchandise imports in 2021 (up from 60.7% in 2015), with China increasing its participation from 19.6% to 23.8% during the period. Led by Germany, the EU‑27 represented 15.7% of New Zealand's merchandise imports in 2021, compared with 15.1% in 2015. Australia supplied 11.3% of total merchandise imports in 2021 (11.9% in 2015). The participation of the United States also decreased from 11.8% in 2015 to 8.6% in 2021, while that of Japan remained at 6.5% in the same years (Table A1.4 and Chart 1.4).

Chart 1.4 Direction of merchandise trade, 2015 and 2021



Source: WTO Secretariat calculations, based on UN Comtrade database.

### Trade in services

New Zealand is a net exporter of services, an important source of foreign exchange. Unsurprisingly, the trading sectors hardest hit by the COVID-19 pandemic have been the services sectors, where restrictions on international travel have significantly impaired the ability to trade. Indeed, the services surplus increased from NZD 2.4 billion in 2014/15 to a peak of NZD 5.5 billion in 2017/18 and declined to NZD 4.0 billion in 2019/20 (Table 1.2).

Despite the pandemic, travel (tourism) remains the most important services category, contributing 35.0% of total value of services exports in 2020/21 (Table 1.3). Other business services is the second-largest export service with a share of 15.8%, followed by telecommunication, computer and information services (11.6%). Imports of services are led by other business services, accounting for 26.0% of the total value of services imports in 2020/21, followed by transportation with 18.2% share, and telecommunication, computer and information services (15.3%).

Table 1.3 Composition of trade in services, 2014/15-2020/21

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| Total credit (NZD billion) | 18.7 | 22.4 | 23.3 | 25.3 | 26.6 | 27.6 | 13.1 |
|  | **(% of total credit)** | | | | | | |
| Maintenance and repair | .. | .. | .. | .. | .. | .. | .. |
| Transportation | 13.9 | 12.5 | 12.3 | 12.5 | 12.7 | 12.5 | 10.4 |
| Sea transport | 2.8 | 2.4 | 2.4 | 2.2 | 2.3 | 2.4 | 5.1 |
| Air transport | 10.8 | 9.8 | 9.7 | 10.1 | 10.0 | 9.6 | 4.1 |
| Postal and courier services | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.5 | 1.2 |
| Travel | 61.0 | 62.8 | 60.6 | 60.7 | 59.5 | 57.7 | 35.0 |
| Business | 4.7 | 5.1 | 4.1 | 4.2 | 4.4 | 4.8 | 1.0 |
| Personal | 56.3 | 57.7 | 56.5 | 56.5 | 55.1 | 52.9 | 34.0 |
| Construction | 0.1 | .. | .. | .. | 0.1 | .. | .. |
| Insurance and pension | .. | .. | .. | .. | 0.6 | 0.2 | .. |
| Financial service | 3.0 | 3.2 | 3.2 | .. | .. | 2.7 | 5.1 |
| Charges for the use of intellectual property | 2.1 | 2.6 | 3.1 | 3.6 | 4.5 | 4.6 | 10.3 |
| Telecommunication, computer, and information | 4.2 | 4.3 | 4.5 | 4.1 | 4.4 | 5.3 | 11.6 |
| Other business services | 9.4 | 7.9 | 7.9 | 7.7 | 7.3 | 7.9 | 15.8 |
| Research and development | 0.6 | 0.5 | 0.7 | 0.7 | 0.6 | 0.6 | 1.2 |
| Professional and management consulting services | 2.3 | 2.0 | 1.9 | 1.8 | 1.8 | 1.8 | 3.7 |
| Technical, trade-related, and other business services | 6.5 | 5.4 | 5.3 | 5.2 | 4.8 | 5.4 | 10.9 |
| Personal, cultural, and recreational services | 2.9 | 3.0 | 3.3 | 2.6 | 2.7 | 2.7 | 4.9 |
| Government services | 1.3 | 1.1 | 1.1 | 0.9 | .. | .. | .. |
| Total debit (NZD billion) | 16.3 | 17.5 | 18.3 | 19.7 | 22.2 | 23.6 | 16.0 |
|  | **(% of total debit)** | | | | | | |
| Maintenance and repair | 1.0 | 1.8 | 1.7 | 2.1 | 2.3 | 2.0 | .. |
| Transportation | 24.4 | 23.0 | 21.7 | 22.1 | 22.1 | 21.0 | 18.2 |
| Sea transport | 11.9 | 11.6 | 9.7 | 9.6 | 9.7 | 9.4 | 13.1 |
| Air transport | 11.8 | 10.9 | 11.5 | 12.1 | 11.9 | 11.2 | 4.4 |
| Postal and courier services | 0.6 | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.7 |
| Travel | 30.8 | 31.1 | 32.2 | 32.2 | 29.8 | 27.2 | 7.7 |
| Business | 5.7 | 5.5 | 5.2 | 4.9 | 4.7 | 4.7 | 1.4 |
| Personal | 25.1 | 25.6 | 27.0 | 27.3 | 25.1 | 22.5 | 6.3 |
| Construction | 0.5 | 0.2 | 0.3 | 0.3 | 0.2 | 0.2 | .. |
| Insurance and pension | 5.5 | 6.1 | 6.2 | 6.4 | 8.1 | 9.2 | 12.1 |
| Financial service | 2.6 | 2.9 | 2.8 | 2.7 | 2.3 | 2.1 | 3.5 |
| Charges for the use of intellectual property | 7.0 | 7.0 | 6.9 | 6.6 | 5.9 | 6.0 | 8.1 |
| Telecommunication, computer, and information | 5.9 | 7.0 | 8.1 | 8.1 | 8.6 | 9.2 | 15.3 |
| Other business services | 19.8 | 18.2 | 17.1 | 15.8 | 16.7 | 18.5 | 26.0 |
| Research and development | 0.2 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 |
| Professional and management consulting services | 4.4 | 5.0 | 5.1 | 5.1 | 6.3 | 7.6 | 11.1 |
| Technical, trade-related, and other business services | 15.1 | 12.9 | 11.8 | 10.3 | 10.0 | 10.5 | 14.5 |
| Personal, cultural, and recreational services | 1.2 | 1.4 | 2.0 | 2.7 | 2.9 | 3.5 | 6.0 |
| Government services | 1.3 | 1.2 | 1.1 | 1.0 | 1.0 | 1.0 | 1.2 |

.. Not available. Marked as confidential.

Note: Figures are based on fiscal year: 1 April to 31 March.

Source: Statistics New Zealand, *Balance of Payments*. Viewed at: <https://www.stats.govt.nz/topics/balance-of-payments>.

### Foreign direct investment

According to the IMF, New Zealand has higher barriers to FDI than do its peers, which somewhat impedes entry to foreign firms.[[38]](#footnote-38) The recent reform of the Overseas Investment Act is an opportunity to attract more high-quality FDI (Section 2.4). The stock of inward FDI increased from NZD 99.6 billion in 2014/15 (41.1% of GDP) to NZD 130.9 billion in 2020/21 or 40.2% of GDP (Table 1.4). Australia remains the largest overseas investor, albeit decreasingly, accounting for 50.5% of total inward FDI stock as at end-March 2021 (51.6% as at end-March 2015), followed by Hong Kong, China (7.5%); the United States (6.7%); Singapore (5.6%); Japan (5.1%); and the United Kingdom (4.4%). By economic activity, the main recipients of inward FDI are the financial sector with 39.1% share, followed by manufacturing (12.9%), and agriculture, forestry, and fishing (7.8%).

Table 1.4 Inward stock of foreign direct investment, 2014/15-2020/21

|  | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Total inward FDI stock (NZD billion)** | 99.6 | 98.6 | 101.1 | 108.2 | 114.9 | 121.6 | 130.9 |
| **% of GDP** | 41.1 | 38.6 | 37.2 | 37.2 | 37.5 | 37.7 | 40.2 |
| **By origin (% of total)** |  |  |  |  |  |  |  |
| Australia | 51.6 | 51.3 | 52.8 | 52.5 | 48.5 | 49.0 | 50.5 |
| Hong Kong, China | 5.6 | 5.6 | 6.0 | 8.7 | 8.3 | 8.1 | 7.5 |
| United States | 8.0 | 8.1 | 8.1 | 7.6 | 6.8 | 6.6 | 6.7 |
| Singapore | 5.1 | 5.4 | 4.0 | 3.7 | 4.3 | 4.9 | 5.6 |
| Japan | 4.8 | 4.9 | 5.2 | 5.1 | 5.0 | 4.7 | 5.1 |
| United Kingdom | 5.4 | 5.4 | 5.4 | 4.8 | 4.7 | 4.6 | 4.4 |
| Canada | 3.3 | 4.1 | 2.7 | 3.4 | 4.4 | 4.2 | 3.5 |
| Netherlands | 3.6 | 4.3 | 4.1 | 3.8 | 3.6 | 3.3 | 3.1 |
| Cayman Islands | 1.1 | 1.0 | 1.1 | 1.1 | 1.2 | 1.9 | 1.9 |
| Switzerland | 0.5 | 0.4 | 0.9 | 0.6 | 1.6 | 1.6 | 1.4 |
| China | 0.7 | 0.7 | 1.1 | 1.2 | 1.3 | 1.3 | 1.3 |
| British Virgin Islands | 3.1 | 3.1 | 3.1 | 1.1 | 1.5 | 1.3 | 1.3 |
| Germany | -0.2 | -0.3 | -0.2 | 0.7 | 0.6 | 0.5 | 0.5 |
| Luxembourg | -0.0 | 0.3 | 0.3 | 0.7 | 0.6 | 0.5 | 0.5 |
| **By economic activity (% of total)** |  |  |  |  |  |  |  |
| Agriculture, forestry, and fishing | 6.1 | 6.9 | 7.2 | 7.3 | 8.1 | 8.3 | 7.8 |
| Mining | 2.3 | 1.4 | 0.7 | 0.7 | 1.9 | 1.5 | 1.6 |
| Manufacturing | 14.4 | 15.1 | 15.3 | 14.2 | 14.9 | 14.5 | 12.9 |
| Electricity, gas, water, and waste | 4.7 | 2.6 | 2.5 | 2.4 | 2.3 | 2.2 | 2.0 |
| Construction | 0.5 | 0.5 | 0.5 | 0.6 | 0.5 | 0.7 | 0.4 |
| Wholesale trade | 4.5 | 5.1 | 5.1 | 5.5 | 5.4 | 6.4 | 5.4 |
| Retail trade | 6.7 | 5.5 | 6.0 | 5.4 | 5.9 | 5.4 | 5.2 |
| Accommodation and food services | 0.8 | 0.7 | 0.8 | 1.0 | 1.1 | 1.8 | 2.1 |
| Transport, postal, and warehousing | 0.3 | 0.2 | 0.8 | 0.7 | 0.6 | 0.7 | 0.8 |
| Information media and telecommunications | 2.4 | 2.9 | 2.8 | 2.6 | 2.3 | 2.1 | 1.8 |
| Financial and insurance services | 33.0 | 34.7 | 34.7 | 35.7 | 34.0 | 35.7 | 39.1 |
| Rental, hiring, and real estate services | 3.4 | 3.8 | 3.4 | 3.5 | 3.4 | 3.2 | 3.4 |
| Professional, scientific, and technical services | 2.3 | 1.8 | 1.6 | 3.0 | 2.9 | 1.8 | 2.2 |
| Administrative and support services | 0.6 | 0.9 | 1.0 | 0.8 | 0.3 | 0.4 | 0.3 |
| Public administration and safety | .. | .. | .. | .. | .. | .. | .. |
| Education and training | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Health care and social assistance | 1.4 | 1.2 | 1.2 | 1.4 | 2.0 | 1.8 | 2.3 |
| Arts and recreation services | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other services | .. | .. | .. | .. | .. | .. | .. |
| Unallocated | 16.3 | 16.5 | 16.1 | 15.0 | 14.2 | 13.4 | 12.4 |

.. Not available. Marked as confidential. Countries having confidential data include Argentina, Bermuda, Malaysia, Chinese Taipei, and the United Arab Emirates.

Note: Figures are based on fiscal year: 1 April to 31 March.

Source: Statistics New Zealand, *Balance of Payments*. Viewed at: <https://www.stats.govt.nz/topics/balance-of-payments>.

New Zealand's stock of FDI abroad increased from NZD 25.0 billion in 2014/15 to NZD 29.5 billion in 2020/21 (Table 1.5). The main recipient of New Zealand's outward FDI stock continues to be Australia with 52.0% share, followed by the United States (23.7%), and Hong Kong, China (5.4%). Most of New Zealand's outward FDI stock is invested in manufacturing activities (30.4%).

Table 1.5 Outward stock of foreign direct investment, 2014/15-2020/21

|  | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Total outward FDI stock (NZD billion)** | 25.0 | 25.0 | 25.2 | 24.4 | 26.4 | 27.6 | 29.5 |
| **% of GDP** | 10.3 | 9.8 | 9.3 | 8.4 | 8.6 | 8.6 | 9.1 |
| **By origin (% of total)** |  |  |  |  |  |  |  |
| Australia | 56.9 | 47.4 | 50.2 | 49.1 | 49.4 | 51.7 | 52.0 |
| United States | 14.7 | 18.4 | 15.6 | 15.2 | 13.0 | 19.5 | 23.7 |
| Hong Kong, China | 2.2 | 8.6 | 8.0 | 8.8 | 8.7 | 6.9 | 5.4 |
| United Kingdom | 5.7 | 6.1 | 4.9 | 5.6 | 5.1 | 3.8 | 3.3 |
| Bermuda | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 3.6 | 3.2 |
| Singapore | 6.6 | 5.4 | 5.5 | 3.6 | 3.2 | 1.7 | 1.7 |
| Canada | 0.7 | 0.8 | 0.5 | 0.3 | 0.6 | 1.1 | 1.3 |
| China | 0.3 | 0.2 | 0.1 | 0.4 | 0.2 | 0.4 | 0.3 |
| Japan | 0.0 | -0.4 | 0.1 | 0.4 | 0.2 | 0.3 | 0.2 |
| Chile | .. | .. | .. | .. | 2.4 | 0.1 | 0.1 |
| Chinese Taipei | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 | 0.2 | 0.1 |
| Germany | .. | .. | 0.2 | 0.2 | 0.2 | 0.1 | .. |
| United Arab Emirates | .. | .. | 0.4 | 0.4 | 0.3 | 0.0 | .. |
| France | .. | .. | 0.3 | 0.3 | .. | .. | .. |
| Netherlands | 1.7 | 1.4 | 1.5 | .. | .. | .. | .. |
| **By economic activity (% of total)** |  |  |  |  |  |  |  |
| Agriculture, forestry, and fishing | .. | .. | .. | .. | .. | .. | .. |
| Mining | .. | .. | .. | .. | .. | .. | .. |
| Manufacturing | 38.3 | 36.2 | 36.2 | 39.7 | 38.0 | 34.6 | 30.4 |
| Electricity, gas, water, and waste services | 2.9 | 3.0 | .. | .. | .. | .. | .. |
| Construction | .. | .. | .. | .. | .. | .. | .. |
| Wholesale trade | 15.8 | 22.1 | 21.8 | 19.2 | 17.5 | 11.9 | 12.5 |
| Retail trade | .. | .. | 4.6 | 5.4 | 5.2 | 6.2 | 6.0 |
| Accommodation and food services | .. | .. | .. | .. | .. | .. | .. |
| Transport, postal, and warehousing | 5.5 | 5.1 | .. | .. | .. | .. | .. |
| Information media and telecommunications | .. | .. | .. | 2.5 | 2.3 | .. | .. |
| Financial and insurance services | 6.2 | 8.9 | 9.7 | 6.1 | 9.7 | 18.1 | .. |
| Rental, hiring, and real estate services | .. | .. | .. | .. | .. | .. | .. |
| Professional, scientific, and technical services | .. | 0.5 | 0.4 | 0.4 | 0.4 | 0.7 | 0.6 |
| Administrative and support services | .. | .. | .. | .. | .. | .. | .. |
| Public administration and safety | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Education and training | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Health care and social assistance | .. | .. | .. | .. | .. | .. | .. |
| Arts and recreation services | 1.7 | 2.2 | 2.2 | 1.3 | 2.1 | 1.9 | 2.6 |
| Other services | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Unallocated to industry | 6.0 | 6.0 | 6.0 | 6.2 | 5.7 | 5.5 | 5.1 |

.. Not available. Marked as confidential. Other countries having confidential data include Argentina, Belgium, the Cook Islands, Luxembourg, and Malaysia.

Note: Figures are based on fiscal year: 1 April to 31 March.

Source: Statistics New Zealand, *Balance of Payments*. Viewed at: <https://www.stats.govt.nz/topics/balance-of-payments>.

# TRADE AND INVESTMENT REGIMES

## General Framework

New Zealand's system of government and related legal framework were not subject to any significant change during the review period. New Zealand is a constitutional monarchy with a parliamentary government.

Its constitution is not reflected in one single document but consists of a combination of legal documents, common law, and constitutional conventions. Its political system is defined by the Constitution Act of 1986, under which the Head of the State is the British Sovereign, who is represented in New Zealand by the Governor‑General. Both can exercise their powers only with the advice and consent of the Government, which is led by the Prime Minister. The Governor‑General is appointed by the Sovereign but picked by the Prime Minister. The Governor‑General stays in office for a period of five years. The current Governor‑General took office in October 2021.

The Government has three branches: executive, legislative, and judiciary. The Executive is represented by the executive council led by the Prime Minister.[[39]](#footnote-39) The legislative branch is composed of the Governor-General and the Parliament (House of Representatives), which is unicameral, and has in general 120 Members elected every three years.[[40]](#footnote-40) The last election took place in 2020. Elections are based on a "mixed member proportional" voting system where voters have two votes: one for a political party and one for an electorate Member of Parliament (MP). The leader of the party that wins the largest number of seats usually becomes Prime Minister and Head of Government. However, there have been instances where a minority coalition government has been formed and the Prime Minister is the leader of a party that did not win the most seats, but has managed to gain support of a majority of MPs through a coalition agreement with other political party or parties. The Parliament is responsible, *inter alia,* for making new laws and amending existing ones and scrutinizing the Executive. Before becoming a law (Act), the proposed law – a bill – is introduced in the Parliament, and goes through different stages, including requests for public submissions and invitations to public hearings. Once the bill's final form has been agreed, the Parliament can pass it or reject it. If the bill is passed, it becomes a law (i.e. Act of Parliament) when the Governor-General assents to it. In the case of binding international treaties, any related action (such as the decision to sign a free trade agreement (FTA)) is the prerogative of the Executive and is taken by the Cabinet. However, in accordance with the Parliament's Standing Orders (i.e. rules of procedure), all multilateral treaties, and major bilateral treaties of "particular significance", must be presented to Parliament for their examination before ratification, together with a National Interest Analysis (NIA) prepared by the Executive. The NIA must contain the advantages and disadvantages of the proposed agreement, along with other information as set out in the Standing Orders. The determination of whether or not a bilateral treaty is considered to be a major bilateral treaty of particular significance is made by the Minister of Foreign Affairs on the advice of government officials and based on a set of standard criteria. Bilateral treaties that are not considered to be a major bilateral treaty of particular significance are ratified without involving the Parliament. The application of this discretion is commonly referred to as a "waiver" of the requirement to present the treaty to the Parliament, and it is most commonly used for bilateral treaties dealing with narrow or technical matters.

The judiciary branch has four main levels of courts: district courts, the High Court, the Court of Appeal, and the Supreme Court, with the Supreme Court being the highest and final court. There are also specialist courts, tribunals, and authorities.

New Zealand is member of the Commonwealth of Nations, which consists of 54 countries.

## Trade Policy Formulation and Objectives

New Zealand is a strong advocate for free trade and sees trade as critical for its prosperity. During the review period, New Zealand updated its trade policy strategy in 2017, and then in 2020 following a change of Government. The same year, New Zealand also launched a Trade Recovery Strategy in response to the COVID‑19 pandemic (see below).

The institutional framework for the formulation and implementation of New Zealand's trade policy has remained largely the same since the last report. The Ministry of Foreign Affairs and Trade (MFAT) is the main governmental entity responsible for advising the Government on the formulation and implementation of New Zealand's trade policy. The MFAT also leads all FTAs and WTO negotiations, and works in close coordination with the relevant technical agencies, such as the Ministry for Primary Industries and Ministry of Business, Innovation and Employment, to ensure that the country's trade policies support the Government's overall objective of achieving a productive, sustainable, and inclusive economy.[[41]](#footnote-41)

All trade-related legislation is enacted by Parliament and must be assented to by the Governor‑General to become law. Trade agreements are the responsibility of the Executive but are subject to a parliamentary examination process, including public consultations, before they are ratified (see above).

In March 2017, New Zealand launched the Trade Agenda 2030 to update its trade strategy and set its priorities for the next 30 years.[[42]](#footnote-42) This plan was superseded by the Trade for All Agenda, which was developed based on a wide public consultation process that took place in 2018 and on a report resulting from that exercise. The Trade for All Agenda was launched in March 2018 to address public concerns regarding the country's participation in FTAs, and ensure that trade policy delivers for all New Zealanders. Under this initiative, New Zealand conducted public consultations from August to October 2018 to get feedback from the population on how trade policy should be approached, and established a Trade for All Advisory Board in charge of producing an independent report with recommendations to the Government on the Trade for All Agenda. The Advisory Board was established in November 2018 and its report released in November 2019. The findings and recommendations of the report include, *inter alia*, to: (i) review current Investor‑State Dispute Settlement provisions in FTAs as new arrangements become available[[43]](#footnote-43); (ii) provide greater support to the participation of small and medium-sized enterprises (SMEs) in international trade; and (iii) promote the inclusion of provisions on the environment, labour, and gender in FTAs.[[44]](#footnote-44) The recommendations of the Advisory Board and the core principles approved by the Cabinet are the foundation of the Trade for All Agenda.[[45]](#footnote-45) For the authorities, the goal is a trade policy that works alongside other government policies to support sustainable and inclusive economic development.

In June 2020, New Zealand also put in place the Trade Recovery Strategy to help businesses to overcome the economic disruptions resulting from the COVID-19 pandemic. The Strategy has three pillars: (i) broadening the support for exporters; (ii) reinvigorating international trade architecture by working towards strengthening and reforming the WTO, and pursuing bilateral and plurilateral trade agreements; and (iii) refreshing key trade relationships to expand market opportunities and achieve further trade diversification. The Trade Recovery Strategy further seeks to build New Zealand's economic resilience against future disruptions.[[46]](#footnote-46)

Some of the actions taken by the Government to support exporters under this strategy include expanding the offering of advisory and market intelligence services and the number of beneficiaries through its international business development agency – New Zealand Trade and Enterprise (NZTE). To support the implementation of this first pillar, the MFAT also established a Trade Recovery Unit dedicated to, *inter alia*, resolving the trade barriers faced by businesses, ensuring the good functioning of supply chains, and addressing any disruptions to trade resulting from the COVID‑19 pandemic.[[47]](#footnote-47)

## Trade Agreements and Arrangements

### WTO

New Zealand, a founding Member of the WTO, is actively engaged in the work of the organization. During the review period, it continued to contribute to the activities of its committees, and participated in negotiations, monitoring functions, dispute settlements, and plurilateral initiatives. New Zealand also took leadership roles as chairs of WTO bodies, including the General Council in 2020[[48]](#footnote-48), and promoted discussions on new issues as a co-sponsor of initiatives or proposals dealing with, for example, climate and the environment (e.g. fossil fuel subsidy reform); export competition; micro, small, and medium-sized enterprises (MSMEs); e-commerce; disciplines on domestic regulation; investment facilitation for development; and gender and trade. New Zealand is part of the Friends of MSMEs group, and a founding member of the Friends of Fish group, comprising WTO Members seeking to complete negotiations on rules regarding fisheries subsidies. New Zealand is also a founding member of the Cairns Group, a coalition of agricultural exporting members that continue to push for the liberalization of global trade in agricultural exports. It supports a TRIPS waiver on COVID‑19 vaccines and discussions on the broader proposal submitted by other WTO Members, as well as efforts to reform and strengthen the WTO, as shown by joining the proposals for improving WTO notification and transparency rules[[49]](#footnote-49), and on Appellate Body appointments and functioning.[[50]](#footnote-50)

In August 2015, New Zealand became party to the Agreement on Government Procurement (GPA)[[51]](#footnote-51), and in September the same year, it ratified the Agreement on Trade Facilitation.[[52]](#footnote-52) New Zealand is a member of the Information Technology Agreement, and in December 2015 it endorsed the expansion of its coverage. It has also participated in the negotiations for an Environmental Goods Agreement, which were launched at the WTO in 2014, but have been stalled since 2016 when the last round of negotiations took place. New Zealand has signed the Fourth and Fifth Protocols to the General Agreement on Trade in Services (GATS).

During the review period, New Zealand was involved as a complainant in 1 case, initiated in May 2014[[53]](#footnote-53), and as a third party in 21 cases. New Zealand has never been the object of a complaint so far.[[54]](#footnote-54) The dispute proceedings initiated by New Zealand in 2014 were against certain measures (mainly import licensing measures) imposed by Indonesia on the imports of horticultural products, animals, and animal products.[[55]](#footnote-55) In September 2015, the United States also joined the case as a complainant. The Panel and Appellate Body reports for this case were adopted in November 2017 and concluded that the measures in question were inconsistent with WTO obligations and that Indonesia had to bring them into conformity.

New Zealand maintains a strong record of notifications to the WTO. From 1 January 2015 to 31 December 2021, it provided 366 notifications[[56]](#footnote-56), of which almost half are in relation to the Agreement on the Application of Sanitary and Phytosanitary Measures (166). An important number of notifications also fell within the Agreement on Agriculture (42 notifications), the Agreement on Technical Barriers to Trade (39), the Anti-Dumping Agreement (23), the GATS (22), the Agreement on Government Procurement (23), the TRIPS Agreement (17), and the Agreement on Subsidies and Countervailing Measures (15). The most recent notifications submitted during the review period are listed in Table A2.1.

### Regional and preferential trade agreements

New Zealand currently has 13 FTAs in force involving 29 economies, including some of its main trading partners, namely China, Australia, and Japan (Table A2.2). FTAs are a key component of New Zealand's trade policy as underlined in its recent strategies. During the review period, New Zealand expanded its network of FTAs by adding four new agreements and intensified its efforts to update existing ones (Table 2.1).[[57]](#footnote-57) In 2015, it signed an FTA with the Republic of Korea, followed two years later by the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) (2017), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (2018), and the Regional Comprehensive Economic Partnership (RCEP) (2020). All of these agreements have been notified to the WTO, except for the RCEP, which recently entered into force on 1 January 2022.[[58]](#footnote-58) New Zealand also updated its FTAs with China and with Singapore. The protocol updating the FTA with Singapore has been in force since January 2020, while the one with China is expected to enter into force in April 2022. These updates have not been notified to the WTO.

In parallel, New Zealand had ongoing various trade negotiations. It had launched, but not yet completed, negotiations for FTAs with the European Union, India, and the Pacific Alliance countries, and it was also negotiating the update of the Association of Southeast Asian Nations (ASEAN)‑Australia-New Zealand FTA.[[59]](#footnote-59) Moreover, in November 2021, New Zealand signed an agreement in principle with the United Kingdom on an FTA that defined the key terms on which the text will be finalized and concluded. The New Zealand-United Kingdom FTA was subsequently signed on 28 February 2022, at the time this report was being finalized. The Agreement is not yet in force, as both parties have to first complete their internal ratification procedures.

In addition to its FTAs, New Zealand has two long-standing trade agreements involving some reciprocity and under which it grants tariff preferences to a limited number of goods from Canada (i.e. Agreement on Trade and Economic Cooperation of 1981)[[60]](#footnote-60), and the United Kingdom (Table 3.5).[[61]](#footnote-61) None of these agreements have been notified to the WTO.

Under its most-favoured-nation (MFN) regime, New Zealand has eliminated duties in about 61% of its tariff lines, while under most of its FTAs, almost all of its tariff lines are duty-free (Table 3.5).

Table 2.1 FTAs signed or upgraded during 2015-21

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | FTA | Signed | Entry into force | Coverage's main features |
| **New FTAs** | New Zealand – Korea, Rep. of | 23 March 2015 | 20 December 2015 | Goods, services, and investment |
| Pacific Agreement on Closer Economic Relations (PACER Plus) | 14 June 2017 | 13 December 2020 | Goods, services, and investment |
| Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) | 8 March 2018 | 30 December 2018 | Goods, services, and investment |
| Regional Comprehensive Economic Partnership (RCEP) | 15 November 2020 | 1 January 2022 | Goods, services, and investment |
| **Upgraded FTAs** | Protocol upgrading New Zealand‑Singapore FTA | 1 January 2020 | 1 January 2020 | Various regulatory areas |
| Protocol upgrading New Zealand‑China FTA | 26 January 2021 | 7 April 2022 | Various regulatory areas |

PACER Plus:

Involves New Zealand and 10 other partners: Australia, Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. The Agreement is not yet in force for Nauru, Tuvalu, and Vanuatu.

CPTPP: Involves New Zealand and 10 other countries: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, and Viet Nam. The Agreement is not yet in force for Brunei Darussalam, Chile, and Malaysia. For the other Parties, the Agreement entered into force on 30 December 2018, except for Peru and Viet Nam. The entry into force was on 19 September 2021 for Peru, and 14 January 2019 for Viet Nam.

RCEP: Involves New Zealand and 14 other countries: Australia, Brunei Darussalam, Cambodia, China, Indonesia, Japan, the Republic of Korea, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam. The Agreement entered into force on 1 January 2022 for all parties, except for Indonesia, Malaysia, Myanmar, the Philippines, and the Republic of Korea. For the Republic of Korea, entry into force was on 1 February 2022, and for Malaysia, it will be on 18 March 2022.

Source: WTO Secretariat.

New Zealand – Republic of Korea (2015)

The FTA between New Zealand and the Republic of Korea was signed in March 2015 and entered into force in December of the same year. Under this FTA, New Zealand committed to liberalize all of its tariff lines over a transition period of seven years ending in 2021, with most of the lines (about 86%) becoming duty-free upon the Agreement's entry into force. At the time of the Agreement, about 58% of New Zealand's lines were duty-free on an MFN basis, and as at December 2021, New Zealand had fully implemented its liberalization schedule (Table 3.5). The Republic of Korea liberalized 74.6% of its tariff lines upon entry into force of the Agreement, and by 2034, the end of the transition period, New Zealand exporters will face zero duties on 97.9% of the Republic of Korea's tariff lines.[[62]](#footnote-62)

The Agreement also covers services, investments, government procurement, intellectual property rights, competition, environment, labour, and SMEs. In services, commitments are similar to those taken under the CPTPP. In investments, commitments include the establishment of an Investor-State Dispute Settlement mechanism.

Pacific Agreement on Closer Economic Relations Plus (2017)

PACER Plus was signed in 2017 by New Zealand, Australia, and nine other Pacific Islands countries (Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu).[[63]](#footnote-63) PACER Plus entered into force in December 2020 for all parties except Nauru, Tuvalu, and Vanuatu. As of February 2022, Nauru and Vanuatu had still to ratify the Agreement. For Tuvalu, which recently ratified it, the Agreement will enter into force in April 2022. Of the 11 signatories, 6 are WTO Members (Australia, New Zealand, Samoa, Solomon Islands, Tonga, and Vanuatu), and all are members of the Pacific Islands Forum (PIF). In 2021, trade (imports and exports) between New Zealand and the PIF parties accounted for less than 1% of New Zealand's total trade.[[64]](#footnote-64)

PACER Plus was negotiated following the PACER framework of 2001 that sought to deepen trade and investment liberalization in the Pacific region and that provided, *inter alia*, for the future negotiation of reciprocal FTAs between Australia, New Zealand, and other PIF economies.[[65]](#footnote-65) Prior to PACER Plus, trade in goods between New Zealand and the PIF economies was regulated by the South Pacific Regional Trade Economic Cooperation Agreement (SPARTECA) of 1980 – a non‑reciprocal trade agreement among 16 PIF economies – and the Generalized System of Preferences (Section 2.3.3). PACER Plus provides for reciprocal trade liberalization among its parties, and increased predictability for the trade relationship with the parties that are non-WTO Members as they have bound their tariffs and made other commitments under the Agreement.

PACER Plus covers trade in goods and services, but also includes some commitments on investment. Other areas covered by the Agreement are TBT, SPS, trade remedies, and development and economic cooperation. The Agreement also provides for a mechanism for the resolution of disputes between States, but not for investor-state disputes.

In trade in goods, the Agreement provides for the elimination of duties upon its entry into force for all tariff lines for New Zealand and Australia, and for 94.2% of tariff lines for Kiribati with remaining lines kept unbound. For Kiribati, all tariff lines were already duty-free at the time of the Agreement.[[66]](#footnote-66) For the other signatories, duties will be eliminated for 81.5% (Vanuatu) to 98.6% (Nauru) of their total number of tariff lines over a transition period going up to 35 years depending on the party, and starting in some cases after only 10 years of the Agreement's entry into force, or when they graduate from the least developed status, whichever is later so that tariff reductions will be fully implemented at the earliest by 2055.[[67]](#footnote-67) The Agreement also includes an MFN clause under which any improvements on market access resulting from the negotiation of another preferential trade agreement between a party and a non-party shall be extended to the parties, provided certain conditions are met.[[68]](#footnote-68) The Agreement also includes an industry development provision under which PIF parties may delay the implementation of their scheduled reductions or increase duties to support the establishment or expansion of a new or existing industry, or to support an industry destroyed or substantially damaged as a result of hostilities or natural disasters. Other flexibilities applying to PIF economies include provisions on the application of transitional safeguards.[[69]](#footnote-69)

In 2021, the Parties established the PACER Plus Implementation Unit in Samoa to monitor and support the implementation of the Agreement and its development and economic cooperation work programme for PIF parties.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (2018)

New Zealand is party to the CPTPP, together with 10 other countries – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, and Viet Nam. The CPTPP was signed in March 2018 and entered into force in December 2018 for those that had ratified it, namely New Zealand, Australia, Canada, Japan, Mexico, and Singapore.[[70]](#footnote-70) Since then, the Agreement has come into force also for Viet Nam (January 2019) and Peru (September 2021), leaving the entry into force pending only for Brunei Darussalam, Chile, and Malaysia. Similarly to the case for other CPTPP parties, the CPTPP overlaps with some of New Zealand's existing FTAs – those with Australia, Brunei Darussalam, Chile, Malaysia, Singapore, and Viet Nam.

The CPTPP incorporates by reference most of the provisions of its predecessor, the Trans‑Pacific Partnership (signed but not in force).[[71]](#footnote-71) It includes commitments in trade in goods and services, and intellectual property, as well as in areas not covered or with limited coverage under WTO Agreements, such as investments, government procurement, labour, environment, competition, e-commerce, and SMEs. In trade in goods, New Zealand liberalized most of its tariff lines (about 95%) immediately upon the Agreement's entry into force in 2018, and all remaining lines will become duty-free by 2024.[[72]](#footnote-72) At the time of the Agreement's entry into force, about 59% of New Zealand's lines were duty-free on an MFN basis. Other parties will also liberalize most of their tariff lines, with some exceptions, over a transition period going from immediate (Singapore) to more than 20 years after entry into force, in the case of Viet Nam (2039) and Japan (2038).[[73]](#footnote-73) In services, under the CPTPP New Zealand made commitments in all activities identified in the WTO Services Sectoral Classification list[[74]](#footnote-74), except for health-related and social services, which are also unbound under its GATS schedule. These commitments were in general broader than under New Zealand's GATS schedule, despite some reservations. For example, New Zealand took commitments in franchising, sewage, sanitation, entertainment, news agencies, and internal waterways transport services, all unbound under the GATS, and expanded those in construction and related engineering services. In investment, the CPTPP provides for a higher screening threshold for transactions relating to significant business assets (Section 2.4) from investors from CPTPP parties (NZD 200 million instead of NZD 100 million), and for a mechanism for the settlement of disputes between investors and the host Party. This dispute settlement mechanism applies between New Zealand and all other CPTPP parties, except Australia, Brunei Darussalam, Malaysia, Peru, and Viet Nam, with whom New Zealand has secured reciprocal side letters agreeing to the non‑application of this mechanism. According to the authorities, signatories to these side letters cover more than 80% of New Zealand's overseas investments from CPTPP countries as a whole.

Regional Comprehensive Economic Partnership (2020)

The RCEP is New Zealand's most recent FTA in force. It was signed on 15 November 2020 by New Zealand and 14 other countries[[75]](#footnote-75) in the Indo-pacific (i.e. Australia, China, Japan, the Republic of Korea, and 10 ASEAN Member States).[[76]](#footnote-76) The Agreement entered into force on 1 January 2022 following the ratification of six of its members, and once fully in force it will be viewed as the largest free trade zone yet negotiated in terms of gross domestic product (GDP) (accounting for 29% of world GDP in 2020).[[77]](#footnote-77) RCEP covers trade in goods and services, and investments.

In trade in goods, improvements in terms of market access under RCEP will be limited as New Zealand already has FTAs (in some cases more than one) with all RCEP Parties, and those FTAs will continue to operate in parallel. However, RCEP is expected to bring additional benefits compared to existing FTAs in other areas, notably in reducing non-tariff barriers. For instance, the Agreement provides for a common set of rules of origin and common rules regarding certain customs procedures, which will greatly facilitate the movement of goods across its Parties.[[78]](#footnote-78) Under RCEP, New Zealand will complete the implementation of its liberalization tariff schedule by 2041, with 92% of its tariff lines becoming duty-free by 2036, after which only tariff reductions will take place. For other parties, the share of tariff lines that will become duty-free under the Agreement ranges between 81% (by Japan for imports from the Republic of Korea) and 100% (Singapore).[[79]](#footnote-79) The transition periods for implementation will also vary across parties ranging from immediate to 36 years from the Agreement's entry into force.[[80]](#footnote-80)

RCEP will expand some of New Zealand's commitments under existing FTAs in services and in particular investments because in some of New Zealand's existing FTAs with RCEP parties the coverage of investment is limited, such as the FTAs with ASEAN countries that are not parties to the CPTPP.[[81]](#footnote-81)

RCEP also includes provisions on TBT, SPS, trade remedies, intellectual property, electronic commerce, competition policy, SMEs, government procurement, and economic and technical cooperation. It provides for a state-to-state dispute settlement mechanism and for the review of the inclusion of another one for the resolutions of investor-state disputes within five years from the Agreement's entry into force.[[82]](#footnote-82)

Upgrades of existing FTAs

During the review period, New Zealand amended the FTAs it has with Singapore and China to align them with its more recent trade practices. It is also in negotiations to update the ASEAN‑Australia-New Zealand FTA (AANZFTA).

In May 2019, New Zealand and Singapore signed a protocol to update their FTA of 2000.[[83]](#footnote-83) The protocol entered into force on 1 January 2020 and expands the coverage of the Agreement by including chapters on electronic commerce and regulatory cooperation and four new sectoral annexes to the TBT chapter that replicate those under the CPTPP. Under these new TBT annexes, the Parties remove some regulatory requirements for wine and distilled spirits, pharmaceuticals, medical devices, and cosmetics. The protocol also improves existing commitments in other areas. For instance, it updates the chapters on rules of origin, which are now more detailed and contain product specific rules, and the chapter on customs procedures to provide for shorter release times for goods and expedited shipment (i.e. goods must be released within 24 hours and express consignments within 4 hours). Other changes include targeted improvements to the provisions on investor protection, competition, and consumer protection.[[84]](#footnote-84)

New Zealand and China upgraded their FTA of 2008 through a protocol signed on 26 January 2021. The Protocol was ratified by the Parties in February 2022 and is expected to enter into force in April 2022. The upgraded FTA will include four new chapters – government procurement, competition policy, electronic commerce, and environment and trade – and replace the chapter on customs procedures and cooperation with a chapter on customs procedures and trade facilitation with broader commitments. The Protocol also expands existing commitments in rules of origin and operational procedures, TBT, and temporary movement of natural persons. It improves market access for wood and paper products from New Zealand, as well as services liberalization commitments while providing for subsequent negotiations based on a negative list approach.[[85]](#footnote-85)

In May 2019, the Parties to the AANZFTA (2010) launched negotiations to upgrade it. Negotiations will focus on updating provisions in the following areas: rules of origin, customs procedures, services, electronic commerce, investment, competition, government procurement, and trade and sustainable development.[[86]](#footnote-86) The Agreement had already been reviewed through a first protocol that was signed in November 2014 to, *inter alia*, streamline the certification procedures related to rules of origin. This first protocol entered into force on 1 October 2015 for all Parties, except Cambodia and Indonesia for which it entered into force in 2016 and 2019, respectively.

### Unilateral preferential regimes

New Zealand continues to provide unilateral preferences to less and least developed countries under the Generalized System of Preferences.[[87]](#footnote-87) Under this scheme, about 63% of New Zealand tariff lines are duty-free for less developed countries, while for least developed countries (LDCs), all of New Zealand's tariff lines are duty-free (Table 3.5). Since the previous Review, there were no significant changes to this scheme; however, the list of less and least developed countries and the preferential rules of origin are currently being reviewed. New Zealand is also party to SPARTECA, a non‑reciprocal trade agreement under which Australia and New Zealand grant duty-free and quota‑free access for virtually all products originating from PIF countries.[[88]](#footnote-88) SPARTECA will continue to apply in parallel with PACER Plus (in force since 2020) (see above), but in the event of any inconsistency between the provisions under PACER Plus and SPARTECA the former will prevail.

Since August 2015 and in accordance with the WTO waiver allowing preferential treatment to services and services suppliers from LDCs[[89]](#footnote-89), New Zealand grants preferential market access to LDCs in 10 additional subsectors of the WTO Services Sectoral Classification.

### Other agreements and arrangements

New Zealand continued to strengthen regional integration through the Asia Pacific Economic Cooperation Forum (APEC), and to make progress towards the targets set under the Bogor Declaration of 1994.[[90]](#footnote-90) Under this declaration, APEC members agreed to achieve free and open trade and investment by 2020, through unilateral, regional, and multilateral liberalization.[[91]](#footnote-91) While more efforts and actions are still needed, the 2020 Final Review of APEC's Progress Towards the Bogor Goals recognizes that tariffs have fallen substantially in the region and remain low, and that market access for services as well as investments conditions have significantly improved. The Final Review also notes that more work is needed with respect to, *inter alia*, non-tariff measures, tariffs in agricultural goods, and new restrictions in services. In 2020, APEC members further adopted the APEC Putrajaya Vision 2040, which builds on the Bogor goals and sets further targets for the region for the next 20 years. Under this plan, APEC members aim to achieve an "open, dynamic, resilient and peaceful Asia-Pacific community by 2040" for the prosperity of their inhabitants.[[92]](#footnote-92) In 2021, as the chair of APEC, New Zealand led the response to recover from the COVID‑19 pandemic, and the development of the Aotearoa Plan of Action to implement the Putrajaya Vision 2040. The Aotearoa Plan of Action was launched in November 2021, and sets out individual and collective actions to achieve the APEC Putrajaya Vision 2040.[[93]](#footnote-93)

In June 2020, New Zealand, Singapore and Chile signed the Digital Economy Partnership Agreement (DEPA), which covers various aspects of digital trade such as technology and trade facilitation, digital products, data protection, digital identities, artificial intelligence, and participation of small and medium enterprises. The Parties expect that DEPA will complement the WTO negotiations on e-commerce and continue to evolve. The DEPA entered into force on 7 January 2021 for New Zealand and Singapore and on 23 November 2021 for Chile.[[94]](#footnote-94)

New Zealand was also involved in the Trade in Services Agreement negotiations that comprise 23 WTO Members. Negotiations have been stalled since their last round in December 2016.

## Foreign Investment Regime

Foreign investment in New Zealand is governed by the Overseas Investment Act 2005 and the Overseas Investment Regulations 2005; both are administered and enforced by the Overseas Investment Office (OIO) of Toitū Te Whenua Land Information New Zealand (LINZ). During the review period, New Zealand launched a broad reform of its foreign investment regime to simplify its screening mechanism and enhance the coverage of high-risk transactions.[[95]](#footnote-95) The reform process, which started in 2017, led to the adoption of several legislative changes in August 2018, June 2020, and May 2021.[[96]](#footnote-96) These changes were originally planned to take place in two stages, in 2018 and 2020, but due to the COVID‑19 pandemic, several measures deemed as urgent were introduced in 2020, while others less urgent were delayed until 2021.

### Regulatory framework

Foreign investment is generally permitted without restrictions, although there are some exceptions applying notably to investments involving: (i) assets deemed as sensitive; and (ii) since the reforms of 2020, businesses deemed as strategically important. Under the Overseas Investment Act 2005 (and subsequent reforms), foreign investments in sensitive assets are subject to a screening mechanism that was perceived as overly complex prior to the reform.[[97]](#footnote-97) Sensitive assets are defined according to three broad categories:

* 1. Sensitive land[[98]](#footnote-98), which includes non-urban land over five hectares; land adjoining sensitive areas, such as the foreshore and seabed; and since the reforms of 2018, residential and lifestyle lands[[99]](#footnote-99);
  2. Significant business assets, which generally comprise investments worth more than NZD 100 million[[100]](#footnote-100) or accounting for 25% or more of the equity (or control interest) of a New Zealand entity; and
  3. Fishing quota, which refers to shares or assets in any entity that owns a fishing quota.[[101]](#footnote-101)

The screening mechanism seeks to ensure that foreign investments benefit New Zealand and are in line with its national interests. To this end, any overseas person[[102]](#footnote-102) willing to acquire any type of sensitive assets in New Zealand are required to apply for consent from the OIO and undergo an investor test. Investments in sensitive land and fishing quota are also subject to a benefit test.[[103]](#footnote-103) If the overseas investor meets the criteria under these tests, the OIO approves the transaction. According to the OIO, about 15% (or NZD 15 billion) of all foreign direct investment into New Zealand went through this screening mechanism in FY2019/20.[[104]](#footnote-104)

Each test assesses a different aspect of the proposed investment. The investor test is used to assess the investor's character (e.g. existence of criminal convictions) and capabilities (e.g. prohibitions to holding director positions)[[105]](#footnote-105), while under the benefit test, the OIO assesses the benefit of the investment to New Zealand by comparing the likely result of the investment against the current situation (i.e. no investment) based on several criteria.[[106]](#footnote-106) Under the reforms of its foreign investment regime, New Zealand simplified both tests. The benefit test was streamlined in 2021 by clarifying the comparison assessment and by reducing the number of benefit criteria used in the analysis from 21 specific factors to 7 broad categories of factors. The investor test was revised in 2020 by removing some criteria and focusing on specific and well-defined factors relating to the investor's character and capability.[[107]](#footnote-107) In addition to these amendments, New Zealand removed screening requirements for low-risk transactions to further simplify its foreign investment regime (Box 2.1). Most of these changes took place under the reforms of 2020 and 2021, and according to the authorities, the changes have significantly streamlined the screening process of applications and reduced the number of transactions requiring consent by about 30%.[[108]](#footnote-108)

Box 2.1 Selected reforms simplifying New Zealand's foreign investment regime

|  |
| --- |
| In 2017, New Zealand launched a broad set of reforms to simplify its foreign investment regime and enhance the coverage of high-risk transactions. These reforms were adopted through the Overseas Investment Amendment Act 2018, the Overseas Investment (Urgent Measures) Amendment Act 2020, and the Overseas Investment Amendment Act 2021. The majority of measures seeking to simplify the country's foreign investment regime were adopted in 2020 and 2021. Some of the most significant include:   * **Removal of categories of sensitive land (2020).** The definition of "sensitive adjoining land" (i.e. land that is sensitive because of what it is next to) – a category of "sensitive land" – became narrower in 2020. With this reform, the authorities expect to reduce the number of sensitive land applications by 5%‑10%. * **Reduced screening requirements for listed companies and exemptions for non-listed companies (2020).** Listed companies that are majority-owned by New Zealanders and not subject to substantial overseas control are no longer considered overseas persons, and therefore not subject to the Overseas Investment Act. Control is substantial if overseas persons holding 10% or more of shares hold more than 25% combined. Non-publicly listed companies may also apply for an exemption if they fulfil the same criteria. * **Revised investor test (2020) and introduction of a pre-verified status for returning investors (2021).** Overseas investors seeking to acquire sensitive assets must meet the investor test, which focuses on the character and capability of the investor. The 2020 reforms streamlined the investor test by clearly defining the factors the OIO can consider as part of its assessment, and in some cases narrowing them to, for example, consider only serious offences or contraventions (or ongoing proceedings for such contraventions or offences).[[109]](#footnote-109) In addition, the 2021 reforms allowed "repeat" investors to submit a statutory declaration confirming that their circumstances have not changed instead of repeating the test. Prior to this change, overseas investors had to meet the investor test for every foreign investment application. * **Simplification of the benefit test (2021).** Overseas persons who seek to acquire sensitive land or fishing quota must prove that the investment will, or is likely to, benefit New Zealand. Under this test, the OIO compares the current situation to the situation with the proposed investment with respect to several benefit criteria. The reform of 2021 clarified the comparison analysis and streamlined the process by reducing the number of criteria used for this analysis from 21 specific factors to 7 broad categories of factors, providing the OIO with more flexibility when assessing the benefits of an investment. Currently, the seven categories used for this analysis refer to economic, environmental, and any other consequential benefits resulting from the proposed investment, as well as to the effects of the investment on public access in the case of land, the protection of historic heritage, government policy, and participation by New Zealanders. * **Waiver of consent for incremental ownership in significant business assets (2021).** Additional foreign investments in sensitive assets are no longer subject to OIO consent, provided the foreign equity does not exceed certain thresholds (i.e. 25%, 50%, 75%, or up to 100%) in the asset following investments increments. Prior to this amendment, overseas investors seeking to increase their shareholding had to submit a separate OIO application. * **Introduction of statutory timeframes for decisions (2021).** New Zealand established in 2021 statutory time frames for decisions on each type of application for consent under its screening mechanism. These time frames are not legally binding, but the OIO is required to report on their compliance. |

Source: WTO Secretariat based on the Overseas Investment Amendment Acts 2018-2021; and information provided by the authorities.

In addition to its screening mechanism, under the reforms of 2020 and in response to the COVID‑19 pandemic, New Zealand introduced two other tools to review foreign investments: a national interest test and a temporary emergency notification system that was replaced in 2021 by another one – the National Security and Public Order (NSPO) notification system. The national interest test, introduced in June 2020, can be applied only to transactions already subject to screening, and is performed in addition to the other applicable tests under the OIO's general screening (e.g. an investor test, and a benefits test if it involves sensitive land or fishing quota). The test is mandatory for transactions involving strategically important businesses or a foreign government investor, but can also be applied to any other transaction that is ordinarily subject to screening at the Minister of Finance's discretion. Such discretion is to be applied rarely, according to Ministerial Directives.[[110]](#footnote-110) Transactions subject to this test are approved by the Minister of Finance if they are not contrary to New Zealand's national interest.[[111]](#footnote-111) Under the legislation, strategically important businesses are businesses with activities related, *inter alia,* to ports and airports; electricity; water; telecommunications; financial institutions, and military and dual-use technology.[[112]](#footnote-112) Transactions by foreign governments subject to this test include those leading to an acquisition of more than 10% ownership or control interest in the asset. In 2021, this equity threshold was increased to more than 25%. Foreign government investors that operate independently from the Government can apply for an exemption from this requirement.

The emergency notification system, also adopted in June 2020, provided that all foreign investments that were not subject to screening had to be notified to the OIO if the investors intended to: (i) acquire more than 25% of the assets or level of control of an existing company; or (ii) increase its existing shareholding (or level of control) up to or beyond certain thresholds (i.e. 50%, 75%, or 100%). Once notified, the OIO assessed whether the transaction was contrary to New Zealand's national interest. In June 2021, this notification mechanism was repealed and replaced by the NSPO notification system that has a narrower scope than those of the temporary emergency notification system and the national interest test. The NSPO notification system allows the Government to review foreign investments that involve strategically important businesses[[113]](#footnote-113) but are not subject to screening (i.e. consent) under the Overseas Investment Act (i.e. do not involve a sensitive asset). Of the foreign investments covered by this mechanism, notification is compulsory only for those relating to military or dual-use technology and critical direct suppliers to the New Zealand Defence Force or security and intelligence agencies.[[114]](#footnote-114) For all other covered transactions, notification is voluntary but greatly encouraged to guarantee the adequacy of the investment and legal predictability.[[115]](#footnote-115) If the transaction is not notified, prospective investors risk that their transaction might be assessed at a later stage. If notified, the OIO assesses the transaction to determine whether it poses a significant risk to the country's national security or public order. If it does, the Minister of Finance is empowered to impose conditions on, block, or order disposal to manage those risks. If it does not, it will approve the transaction with or without conditions. Like the national interest test, the NSPO notification system is to be used only rarely.[[116]](#footnote-116)

In FY2020/21, the OIO assessed 176 applications[[117]](#footnote-117) under its ordinary screening mechanism, and approved 170.[[118]](#footnote-118) These figures are slightly higher than those in FY2014/15, when the number of assessed and approved applications were 168 and 160, respectively.[[119]](#footnote-119) The time-frame for assessing applications varies depending on the type of investment requiring consent, the complexity of the assessment, and the amount of information required for the analysis. Processing applications can take from 30 working days for assessing investments requiring only an investor test to 200 working days for assessing investments on fishing quota.[[120]](#footnote-120) According to the authorities, during 2015-21 an assessment took 45 working days on average.[[121]](#footnote-121)

In addition to its screening and notification mechanisms, New Zealand maintains specific limitations on foreign investment in key state-owned companies operating in the air transport and telecommunications sectors so that these companies remain majority-owned by New Zealand. In air transport services, foreign equity in New Zealand's national airline company – Air New Zealand Limited – is limited to 10%, unless the Sovereign decides otherwise. In telecommunications, foreign investments exceeding 49.9% in the national telecommunication company – Chorus Limited – requires approval. In addition, New Zealand applies nationality requirements for senior managers and boards of directors for both companies.

New Zealand also has specific limitations on foreign investments in various sectors (e.g. agriculture and audiovisual) that have been included in its lists of reservations of non‑conforming measures under its FTAs.

### Other aspects of New Zealand's foreign investment regime

New Zealand has not signed any new bilateral investment treaties (BITs) since 2015. It currently has four BITs with Argentina; Chile; China; and Hong Kong, China, all concluded prior 2000, yet only those with China and Hong Kong, China are in force. The authorities indicate that there are no plans to bring the BITs with Argentina and with Chile into force, as the Government's position is not to conclude further agreements with a compulsory investor-state dispute settlement (ISDS) mechanism.[[122]](#footnote-122)

While its participation in BITs is limited, New Zealand has made investment commitments in all of its FTAs, except for two (the Trans-Pacific Strategic Economic Partnership, and the New Zealand–Hong Kong, China FTA).[[123]](#footnote-123) Under some of the FTAs covering investments, New Zealand committed to a higher screening threshold for investments in significant business assets. For instance, under the New Zealand-Australia FTA, the threshold is NZD 496 million for Australian non-government investors, while under the CPTPP the threshold is NZD 200 million. Following the conclusion of the CPTPP and in accordance with New Zealand's MFN commitment under its FTAs with the Republic of Korea; China; Chinese Taipei; and Hong Kong, China, the investment threshold applicable to those trading partners was increased to NZD 200 million.[[124]](#footnote-124) Under RCEP and PACER Plus, New Zealand did not make any additional commitments in this respect, and maintained the NZD 10 million threshold it has under its GATS schedule. Of the four FTAs signed during 2015-21, only the CPTPP[[125]](#footnote-125) and the New Zealand‑Republic of Korea FTA provide for an ISDS mechanism.

New Zealand has 40 double taxation agreements (DTAs) currently in force, including with its main economic partners (e.g. Australia, and China). Its most recent DTA is with Samoa, which was signed in July 2015, and entered into force in December of the same year. This DTA is also the only DTA signed by New Zealand during the review period.[[126]](#footnote-126) Since then and according to the authorities, negotiations for additional new DTAs have generally been on hold due to various issues, including the COVID‑19 pandemic.

New Zealand does not provide any financial incentives for investors, but it may provide grants depending on the sector of operation or R&D efforts. Such grants are administered by the NZTE and include, *inter alia*, the Strategic Investment Fund (SIF), which facilitates feasibility studies of potential investment projects benefiting New Zealand. The SIF is a co-funding grant based on a fund of NZD 1,204 million, and is available to both domestic and foreign firms looking to establish or expand significant business operations in New Zealand, as well as to domestic companies considering significant overseas investments. The authorities further indicate that to ensure that NZTE generates a net economic benefit for New Zealand, initiatives to assist firms' outward investment must lead to benefits in addition to those that would flow on from firms undertaking the investment without assistance.

# TRADE POLICIES AND PRACTICES BY MEASURE

## Measures Directly Affecting Imports

### Customs procedures, valuation, and requirements

There have been some significant changes in New Zealand's customs legislation since its last Review. Import procedures, including customs valuation regulations and appeal mechanisms are now regulated through the Customs and Excise Act 2018 that replaced the Customs and Excise Act 1996.[[127]](#footnote-127) The 2018 Act, which came into effect on 1 October 2018, is more transparent and provides for a number of new services and better support compliance. It also promotes economic growth by making it easier for traders to do business and supports greater information sharing between the New Zealand Customs Service (NZCS) and other agencies. A comparison guide shows the difference between the 1996 and 2018 Acts.[[128]](#footnote-128) For example, there is now the provision requiring the broker or importer to be a fit and proper person. Registration approval can now be suspended or revoked.

The NZCS continues to be responsible for customs procedures, security of the national border, as well as collection and administration of all duties and taxes collected at the border.[[129]](#footnote-129) It requires that customs procedures be undertaken electronically for consignments valued at NZD 1,000 or more (import lodgement) for which full details of the goods to be imported, including the classification of the goods under "The Working Tariff Document of New Zealand", are needed. Import entry clearance must be lodged no later than 20 days after the date of importation. In practice, most entries are lodged in advance of arrival. Some goods are exempt from import entry requirements, including postal articles when no duty is payable. Goods valued at less than NZD 1,000 can be entered using a simplified entry request procedure or can be cleared for entry based on electronic cargo information, which can include multiple consignments on a manifest. Duty is not collected on imported goods when the value of goods is less than or equal to NZD 1,000. This waiver does not apply to tobacco and alcohol beverages.

There are no specific requirements to become an importer in New Zealand. However, depending on the nature of goods, prior to importation, consent may be required from various government agencies such as NZCS, the Ministry for Primary Industries (MPI), the New Zealand Transport Agency, and the Ministry of Health. Food importers must register with the MPI.

The NZCS has been working on improving the Trade Single Window (TSW) platform. The TSW platform now has additional features for carriers, including import, export, and excise declarations. The system now has inward and outward cargo reports. The NZCS has also moved into introducing TSW electronic delivery notifications.[[130]](#footnote-130) In 2020, customs introduced an electronic delivery order messaging process where importers, exporters, brokers, and freight forwarders received an electronic message from the NZCS and the MPI advising of delivery. Paper-based delivery orders are no longer accepted.

The type and volume of goods crossing the border have changed significantly since the last Review in 2015. As a result, the NZCS conducted a review of customs goods clearance fees for imported and exported goods in 2019. Table 3.1 shows the reviewed fees that have applied since 1 July 2021, reflecting the costs incurred in clearing goods and risk identification arising from sea and air cargo.

Table 3.1 Goods clearance fees and hourly rate, 2022

|  |  |  |
| --- | --- | --- |
| Fees | Channel | NZDa |
| Import entry transaction fee | Any | 33.03 |
| Inward cargo transaction fee | Air  Sea | 77.00  520.00 |
| Export entry transaction fee | Secure exports scheme  Other exports | 3.27  6.82 |
| Outward cargo transaction fee | Cargo report export (Air)  Outward cargo report (Air)  Cargo report export (Sea)  Outward cargo report (Sea) | 40.00  14.35  5.57  18.59 |
| Customs rate for officers time outside of working hours of customs | Fee | 399.00 plus 133.00 per hour or portion in excess of 3 hours |

a Including Goods and Services Tax (GST).

Source: Information provided by the authorities.

According to the World Bank, in 2020 the time needed to import goods from New Zealand was 25 hours at a cost of USD 367, compared to an average of 8.5 hours and USD 98.1, respectively, for OECD high-income countries.[[131]](#footnote-131) The NZCS's measure for 2020/21 for the actual minimum clearance percentage of transactions (other than those referred for compliance checks) processed (including assessment against business rules and intelligence alerts) within 30 minutes is 99.3%. Further, the minimum percentage of import transactions that are deemed compliant based on risk assessment and proceed without further intervention is 99.1%.[[132]](#footnote-132)

According to the World Customs Organization (WCO), New Zealand has a modern and well‑developed cargo reporting system and customs clearance processes combined with risk management. Cargo is reported electronically and in advance of arrival. The cargo reporting information is electronically risk-assessed and, if accepted, cleared by customs, often before arrival of the vessel carrying that cargo. Payment of any duty and tax is by deferred payment account or cash.[[133]](#footnote-133)

New Zealand's risk management system is based on a standardized methodology, jointly developed with Australia for identifying and assessing risk. According to the authorities, 1% of import transactions are subject to further compliance checks or inspection, and all compliant transactions are processed by the NZCS within 30 minutes of completion of an import declaration. The NZCS does not maintain an Authorized Economic Operator (AEO) system, as the authorities seek to give simplified process to all importers.

New Zealand does not maintain any preshipment inspection regime.

Customs valuation is based on the WTO Customs Valuation Agreement. Valuation is according to the free on board (f.o.b.) value of imported goods. New Zealand uses the transaction value, or the price paid or payable for the goods when sold for export to New Zealand, for calculating the value of imported goods. Where the transaction value is unavailable, identical or similar goods value, deductive value, computed value, or residual value may be used.

The Customs and Excise Act 2018 introduced, *inter alia*, a provision on advanced rulings in respect of a particular set of facts or circumstances concerning the valuation of goods for the purposes of the tariff.[[134]](#footnote-134) The 2018 Act also allows for the entry of provisional value for imported goods. This measure aims to facilitate the declaration of a value for goods at the time of importation in situations where this value is subject to change post-entry, as a result of royalty payments or transfer pricing. The final customs value must be provided within a time-frame prescribed by regulations. Duty can be refunded where the final customs value is lower than the provisional value. If the amount of duty assessed as payable is not paid by the [due date](https://www.legislation.govt.nz/act/public/2018/0004/latest/whole.html#DLM7245108), interest will be charged. A guide to applying for a customs valuation ruling on imported goods is available online.[[135]](#footnote-135)

Aggrieved importers or any other authorized person may appeal to the Customs Appeal Authority (CAA), an independent judicial body administered by the Ministry of Justice. In general, the Notice of Appeal must be filed within 20 working days from notification of a decision, and a fee of NZD 410 is applicable. With respect to goods that have been seized as forfeit, the Customs and Excise Act 1996 allows an aggrieved person to appeal to the Chief Executive of Customs in the first instance, with a right of appeal to the CAA if not satisfied with the Chief Executive's decision. If dissatisfied with the decision of the CAA, a person may appeal to the High Court. During the review period, of the 73 customs appeals (Table 3.2), 3 were taken to the High Court.

Table 3.2 Customs Appeal Authority statistics, 2015-20

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Number of appeals | 18 | 7 | 19 | 12 | 10 | 7 |
| Appeals heard | 1 | 4 | 7 | 3 | 3 | 0 |
| Appeals withdrawn | 17 | 3 | 12 | 8 | 6 | 2 |
| Appealed to High Court | 1 | 0 | 0 | 2 | 0 | 0 |

Note: "Withdrawn" covers appeals that were withdrawn, struck out, or invalid.

Source: WTO Secretariat, based on data provided by the authorities.

Examples of improvements for business under the 2018 Customs and Excise Act include the ability for importers to obtain a binding valuation ruling. Importers can also declare a customs value at the time of import with the exact value to be disclosed within a time-frame. Business records can be stored in the cloud and offshore, and users of trade single windows are required to maintain a level of competency to obtain and retain registration.

The 2018 Customs and Excise Act also provides clarity of sanctions and penalties. For example, a more proportionate compensatory interest and penalty regime for late and shortfall payments of duty replaced the additional duties regime, clarification of the level of penalties, and the circumstance when a penalty will apply (administrative penalties). An infringement notice scheme replaced the petty offences regime. Where a business is dissatisfied with an assessment of duty or the issuing of a penalty, they have the right to use an internal review process before making an appeal to the Customs Appeal Authority.

On 29 September 2015, New Zealand ratified the Protocol concerning the Agreement on Trade Facilitation (TFA). According to the TFA database, New Zealand fully implemented the Agreement ahead of the original date of 22 February 2020.[[136]](#footnote-136)

On 29 May 2020, the [Customs and Excise (Refunds and Remissions) Amendment Regulations 2020](https://www.legislation.govt.nz/regulation/public/2020/0099/latest/LMS345433.html) came into force to [assist duty payers](https://www.customs.govt.nz/covid-19/businesses/customs-duties/) who could not pay duty on time because of the COVID‑19 pandemic.[[137]](#footnote-137)

### Rules of origin

New Zealand applies MFN tariff rates to all goods that do not otherwise qualify for preferences under the rules of origin established under a preferential arrangement. Under Section 407 of the Customs and Excise Act 2018, regulations for both preferential and non-preferential rules of origin may be made to prescribe the goods or any type or class of goods that are treated as being the produce or manufacture of any country or group of countries. Determination of non-preferential origin, in general terms, would include an assessment of as to where the last substantial transformation has been carried out.

New Zealand's preferential rules of origin and other relevant requirements in respect of the Generalised System of Preferences (GSP) are set out in Part 6 of the Customs and Excise Regulations 1996, as well as in New Zealand legislation by reference. New Zealand's current scheme already contains provisions embodied in the 2015 WTO Ministerial Decision "Preferential Rules of Origin for Least Developed Countries".[[138]](#footnote-138) Therefore, during the review period, there was no need to make changes to New Zealand's GSP regime to implement these requirements.

Various origin categories apply in determining whether particular goods qualify as the produce or manufacture of a particular preferential country or countries group. "Goods wholly obtained or produced in a preferential country" are those based on natural resources obtained in the preferential country, and final products made from such goods without incorporating any other material (e.g. plants, animals, or substances extracted from the country's soil or seabed). This origin category is common to all of New Zealand's trade agreements.

Goods produced in a preferential country (or in the territory of one or more countries in the case of a regional trade agreement (RTA)) entirely from materials that would themselves qualify as originating goods may be conferred origin for preferential treatment purposes. For the GSP and for goods imported from Canada, the United Kingdom, and Pacific Islands Forum countries (New Zealand's older agreements), the criteria are a specified value content threshold.

For the following free trade agreements, which were concluded after 2015, rules of origin are based on a combination of change in tariff classification, regional value content, and process criteria: Korea-New Zealand Free Trade Agreement (2015); Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (2018); New Zealand-Singapore Closer Economic Partnership (2020)[[139]](#footnote-139); Pacific Agreement on Closer Economic Relations (PACER) Plus (2020); and the Regional Comprehensive Economic Partnership (RCEP), which entered into force in early 2022.

### Tariffs

New Zealand's tariff implementation rules and procedures are contained in a consolidation of two legislative pieces, namely the Tariff Act 1988 as amended and the Customs and Excise Act 2018. The Tariff of New Zealand is divided into two parts. Part I relates to the Standard Tariff and it sets out the classification of all international trade and import duty rates. Part II relates to concessions; it outlines the concession categories to reduce or waive a duty that would usually be applied under Part I.

In December 2021, the Tariff (Harmonized System) Amendment Order 2021 aligned New Zealand's tariff nomenclature on HS22, effective 1 January 2022.[[140]](#footnote-140) The schedules of product-specific rules of origin for all of New Zealand's existing FTAs have been likewise transposed to reflect HS22 nomenclature under the Custom and Excise (Rules of Origin – Harmonised System and Other Matters) Amendment Regulations 2021, with the exception of RCEP rules of origin product-specific rules, which still reference the HS12 nomenclature.

In 2017, New Zealand issued a Government decision that tariff levels would remain unchanged from their current levels, except where they were reduced through trade agreements.[[141]](#footnote-141)

New Zealand also issued some tariff decisions in the context of the COVID‑19 pandemic, such as tariff concessions to help ensure the unimpeded supply of critical products to New Zealand during COVID‑19[[142]](#footnote-142), and removal of tariffs on COVID‑19-related products as listed under the New Zealand and Singapore Declaration on Trade in Essential Goods for Combating the COVID‑19 Pandemic.[[143]](#footnote-143)

#### Applied MFN tariff

The 2021 applied MFN tariff contains 7,927 lines at the HS 8-digit level (Table 3.3), of which 99.9% carry *ad valorem* duties. Six tariff lines bear specific rates: four on alcoholic beverages (HS Chapter 22), and two on clothing and footwear (Chapter 63).[[144]](#footnote-144) There are 37 "other" lines (32 in 2014) applied to parts and components for which the tariff varies subject to the machinery, appliance, or equipment they are assigned to. As in the previous Review, there are three different *ad valorem* rates: 0%, 5%, and 10% (only applied to non-agricultural products). Some 61.1% of tariff lines are duty-free, compared with 53.8% in 2014 (Chart 3.1).

New Zealand does not maintain tariff quotas.

Table 3.3 Tariff structure of New Zealand, 2014 and 2021

(%, unless otherwise indicated)

|  |  |  |  |
| --- | --- | --- | --- |
|  | MFN applied | | Final bounda |
| **2014** | **2021** |
| Bound tariff lines (% of all tariff lines) | 100.0b | 100.0b | 100.0b |
| Simple average rate | 2.4 | 2.2 | 10.5 |
| WTO agricultural products | 1.7 | 1.8 | 7.4 |
| WTO non-agricultural products | 2.5 | 2.3 | 11.0 |
| Duty-free tariff lines (% of all tariff lines) | 58.3 | 61.1 | 44.2 |
| Simple average of dutiable lines only | 5.7 | 5.7 | 18.9 |
| Tariff quotas (% of all tariff lines) | 0.0 | 0.0 | 0.0 |
| Non-*ad valorem* tariffs (% of all tariff lines) | 0.1 | 0.1 | 3.1 |
| Domestic tariff "peaks" (% of all tariff lines) c | 5.6 | 5.6 | 5.5 |
| International tariff "peaks" (% of all tariff lines)d | 0.03 | 0.0 | 33.4 |
| Coefficient of variation | 1.3 | 1.4 | 1.1 |
| Nuisance applied rates (% of all tariff lines)e | 0.03 | 0.05 | 0.1 |
| Total number of tariff lines | 7,510 | 7,927 | 7,927 |
| Duty-free rates | 4,381 | 4,845 | 3,507 |
| *Ad valorem* rates (>0%) | 3,091 | 3,039 | 4,170 |
| Specific rates | 6 | 6 | 10 |
| Alternate rates | 0 | 0 | 200 |
| Otherf | 32 | 37 | 38 |
| Unbound | n.a. | n.a. | 2 |

n.a. Not applicable.

a Bound rates are based on the 2021 tariff schedule. A comparison to the 2021 tariff schedule is done to the best possible extent.

b In 2014 and 2021, two tariff lines are fully unbound (worn clothing). In 2014 and 2021, 24 and 69 tariff lines, respectively, were only partially bound (motor vehicles). Partially bound rates are included in the tariff calculations.

c Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

d International tariff peaks are defined as those exceeding 15%.

e Nuisance rates are those greater than zero, but less than or equal to 2%.

f "Other" rates apply to parts and components, for which the tariff varies subject to the machinery, appliance, or equipment they have been designed to.

Note: The 2014 and 2021 tariffs are based on the HS12 and HS17 nomenclature, respectively. Calculations are based on national tariff line level (8-digit), including AVEs, as available. In 2014, out of six specific rates, four AVEs were provided by the authorities. In 2021, out of six specific rates, five AVEs were calculated based on 2020 import data. Calculations of average final bound rates include the *ad valorem* component of alternate rates.

Source: WTO Secretariat calculations, based on data received by the authorities.

Applied MFN tariffs remain relatively low in New Zealand, with a simple average of 2.2% in 2021 (2.4% in 2014). The slight decrease was the result of the reduction in some tariff rates and the conversion to HS17. Based on the WTO definition, the average applied rate for agricultural products was 1.8% in 2021 (1.7% in 2014); this slight increase is explained by the change of nomenclature. For non-agricultural products (WTO definition), the average rate went from 2.5% in 2014 to 2.3% in 2021 mainly due to the expansion of the Information Technology Agreement (ITA), i.e. the rates of several lines were reduced from 5% in 2014 to duty-free.[[145]](#footnote-145)

Chart 3.1 Distribution of MFN applied tariff rates, 2014 and 2021



Note: Figures above the bars refer to the percentage of total lines. Figures do not add up to 100% due to the exclusion of specific and "other" rates (Table 3.3).

Source: WTO Secretariat calculations, based on data provided by the authorities.

By HS section, footwear, textiles, and textiles articles are the most protected industries (Chart 3.2). By WTO non-agricultural definition, the highest simple average applied MFN rate is clothing with 9.6% (Table A3.1).

In aggregate, New Zealand's tariff shows a positive escalation. Further disaggregation at the ISIC 2‑digit level shows positive escalation in all subgroups except for other manufacturing industries (Chart 3.3).

Chart 3.2 Average applied MFN and bound tariff rates, by HS section, 2014 and 2021



Note: Calculations include AVEs for specific rates, as available.

Source: WTO Secretariat calculations, based on data provided by the authorities.

Chart 3.3 Tariff escalation by 2-digit ISIC industry, 2021

n.a. Not applicable.

Source: WTO Secretariat calculations, based on data provided by the authorities.

#### Bound tariff

On 21 September 2021, the HS12 transposition file of New Zealand was approved.[[146]](#footnote-146) If no objection is notified to the Secretariat within three months from the date of circulation of this document, the rectifications and modifications to Schedule XIII – New Zealand will be deemed to be approved and will be formally certified on 24 February 2022. New Zealand's latest certified binding schedule remains in HS07 nomenclature. As of October 2021, New Zealand's latest bound schedule in HS12 and HS17 had yet to be submitted to the WTO for verification. As a result, matching of the bound and applied schedules in HS2017 was not available. According to the authorities, work was ongoing in order to complete the process.

For the purpose of this Review, based on WTO Secretariat's transposition to HS17, it appears that for two tariff lines the MFN duties exceed the bound rates in 2021 (Table 3.4).

Table 3.4 Tariff lines where the MFN applied rates exceed bound rates, 2021

|  |  |  |  |
| --- | --- | --- | --- |
| HS code | Description | MFN applied | Bound |
| 84797100 | Passenger boarding bridges of a kind used in airports | 5% | 0% |
| 84797900 | Passenger boarding bridges, other than of a kind used in airports | 5% | 0% |

Source: WTO Secretariat calculations, based on data provided by the authorities.

The simple average bound tariff rate is 10.5%, considerably higher than the current applied MFN average of 2.2% (Table 3.2). Differences between bound and applied rates may provide the Government with scope to raise applied tariffs, especially in sensitive sectors, although this has not been the case during the period under review.

#### Tariff preferences

New Zealand grants preferential treatment to imports originating in the trading partners with which it has closer economic partnerships and free trade agreements. Most imports originating in these preferential schemes enter duty‑free, with few exceptions as indicated in Table 3.3. The average preferential tariffs in the agreements negotiated by New Zealand are all well below the average MFN rate. Average preferential tariffs range from 0.0% to 2.2% (Table 3.5).

Table 3.5 Summary analysis of New Zealand's preferential tariffs, 2021

(Number and %)

|  | Number of preferential linesa | Total | |  | WTO agriculture | |  | WTO non-agriculture | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Average (%) | Duty-free ratesb (%) | Average (%) | Duty-free ratesb (%) | Average (%) | Duty-free ratesb (%) |
| **MFN** |  | 2.2 | 61.1 |  | 1.8 | 64.6 |  | 2.3 | 60.6 |
| Closer Economic Partnerships and FTAs: |  |  |  |  |  |  |  |  |  |
| Australia | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| Canada | 2,777 | 0.3 | 92.4 |  | 0.4 | 89.9 |  | 0.3 | 92.8 |
| China | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| Hong Kong, China | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| Korea, Rep. of | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| Malaysia | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| Singapore | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| Chinese Taipei | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| Thailand | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| United Kingdom and Northern Ireland | 10 | 2.2 | 61.2 |  | 1.8 | 64.6 |  | 2.3 | 60.7 |
| ASEAN-Australia-New Zealand FTA | 3,082 | 0.0 | 100.0 |  | 0.0 | 100 |  | 0.0 | 100 |
| TPAc | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| SPARTECAd | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| CPTPPe | 3,082 | 0.1 | 95.0 |  | 0.0 | 100.0 |  | 0.1 | 94.3 |
| PACER Plusf | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0 | 100.0 |
| GSP - less developed countries | 460 | 2.1 | 62.8 |  | 1.6 | 66.1 |  | 2.2 | 62.2 |
| GSP - least developed countries | 3,082 | 0.0 | 100.0 |  | 0.0 | 100.0 |  | 0.0c | 100.0 |

a Only rates that are lower than the corresponding MFN rate are considered.

b Duty-free lines as a percentage of total tariff lines.

c Trans-Pacific Strategic Economic Partnership (Brunei Darussalam and Chile).

d South Pacific Regional Trade and Economic Cooperation Agreement.

e Comprehensive and Progressive Trans-Pacific Partnership Agreement. As of 2021, the FTA is in force for Australia, Canada, Japan, Mexico, New Zealand, Singapore, and Viet Nam.

f Pacific Agreement on Closer Economic Relations Plus. As of 2021, PACER Plus is in force for Australia, Samoa, Kiribati, Tonga, Solomon Islands, New Zealand, Niue, and Cook Islands.

Source: WTO Secretariat calculations, based on data provided by the authorities.

#### Tariff concessions

New Zealand applies tariff concessions for social/humanitarian, customs facilitation, trade policy, and industry assistance purposes, or to comply with international commitments. Of the 17 categories of tariff concessions, the most frequently used is the duty exemption for goods for which suitable alternatives are not available from local producers/manufacturers. Locally produced "suitable alternative" goods are only recognized when the domestic content of the locally produced "suitable alternative" good is not less than 25% of its ex-factory cost.[[147]](#footnote-147)

Additionally, there are specific concessions for shortfalls of manufacturing inputs, certain capital equipment, and woven fabrics containing wool for use in apparel manufacturing. These concessions are issued for limited periods and, in some cases, are restricted to specific quantities or for the use of specified manufacturers.

Applications for concession are lodged with the NZCS. Approved applications are published in the Customs Edition of the New Zealand Gazette. The NZCS also maintains a consolidated list of approvals relating to tariff concessions issued under the general category.

Tariff remissions are also granted for exports under the drawback, temporary import, and export warehousing schemes (Section 3.2.4).

The tariff concessions scheme was reviewed in October 2018, and it was agreed the tariff concession on residential building materials remain in place and be reviewed in 2023.

### Other charges affecting imports

In addition to tariffs, an import entry transaction fee (IETF) of NZD 33.3 is payable on every electronic import lodgement. An MPI biosecurity system entry levy (BSEL) of NZD 26.45 (GST inclusive) is also payable on every entry on which an IETF is payable and is collected by the NZCS at the same time as the IETF.

An inward cargo transaction fee (ICTF) of NZD 77.00 is payable on every inward cargo report for goods imported by air, and NZD 520.00 for goods imported by sea. An MPI BSEL of NZD 20.56 (GST inclusive) is payable on every entry on which an ICTF is payable and is collected by NZCS at the same time as the IETF.

NZCS also collects: (i) a health levy on alcohol products on behalf of the Health Promotion Agency (HPA) at various rates in force as from 1 July 2021 (Table 3.6)[[148]](#footnote-148); (ii) a synthetic greenhouse gas (goods) levy on goods containing hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs) under the Climate Change Response Act 2002 and the Climate Change (SGG Levies) Regulations 2013 on behalf of the Ministry for the Environment at various rates[[149]](#footnote-149); (iii) a heavy engineering research levy on imports of heavy steel and welding consumables at rates of NZD 10 per tonne of heavy steel, and NZD 0.05 per kilogram of welding consumables; and (iv) an accident compensation motor vehicle levy (as per the Accident Compensation (Motor Vehicle) Account Levies Regulations 2017), whose rate decreased on 1 July 2017 to NZD 6 cents per litre (down from the existing rate of 6.9 cents per litre.

Table 3.6 Health Promotion Agency (HPA) levy rates for alcohol, 2022

|  |  |
| --- | --- |
| Class (% of alcohol) | Rates (NZD) |
| 1.15 – 2.50 | 0.5116 cents per litre |
| 2.51 – 6.00 | 1.5058 cents per litre |
| 6.01 – 9.00 | 2.7283 cents per litre |
| 9.01 – 14.00 | 3.4104 cents per litre |
| 14.01 – 23.00 | 5.9181 cents per litre |
| more than 23.0 | 12.7876 cents per litre |

Source: Data provided by the authorities.

The MPI recovers any additional costs associated with clearing a specific consignment of its biosecurity risk through a number of fixed and variable fees. Most of these fees are based on an hourly rate of NZD 117.61 (GST inclusive) and are specified in the Biosecurity (Costs) Regulations 2010. These services include the testing, treating, and disposing of goods; inspections of offshore craft or shipping containers; and inspections of imported biosecurity risk goods.

#### Internal taxes

The Goods and Services Tax (GST) is governed by the Goods and Services Tax Act 1985. It is a consumption tax, based on the "destination principle", which requires that goods and services are taxed in the country in which they are consumed. Consequently, GST is applied to most imported and locally produced and consumed goods and services. The standard rate of 15% applies to most goods and services. Zero-rated supplies include exports of goods and services, certain business-to-business financial services, and certain supplies of fine metal.

Exemptions are regulated in Section 14 of the 1985 Act. They include financial services that are not zero-rated (for example, business-to-consumer financial services), the supply of residential accommodation in a dwelling, and supplies of donated goods and services by non-profit bodies.

The taxable value of imported goods is the sum of following amounts:

* 1. The customs value of the goods, determined in accordance with Schedule 4 of the Customs and Excise Act 2018;
  2. Any customs duty payable on the goods under the Customs and Excise Act 2018;
  3. The costs incurred in transporting the goods to New Zealand (including insurance costs); and
  4. The amount of levy paid or payable on goods under the Climate Change Response Act 2002.

During the review period, new laws and regulations were adopted. These are listed on the Inland Revenue tax policy website, along with links to further information.[[150]](#footnote-150)

Excise duties

New Zealand applies excise taxes on imported and locally produced goods made of or containing: (i) alcohol and alcohol products; (ii) tobacco and tobacco products; and (iii) fuels such as motor spirit, compressed natural gas (CNG), and liquefied petroleum gas (LPG).

The Excise and Excise-equivalent Duties Table in the Working Tariff Document of NZCS has a full listing and description of all the excisable goods and excise rates.[[151]](#footnote-151)

Annual adjustments to the excise and excise-equivalent duty rates on alcohol and tobacco products are based on movements in the "Consumers Price Index, All groups, excluding credit services" over the previous 12-month period to the date of adjustment. The latest adjustments took place on 1 July 2021 (alcohol beverages) and 1 January 2021 (tobacco products).[[152]](#footnote-152)

### Import prohibitions, restrictions, and licensing

Prohibitions and restrictions are now regulated under [Customs and Excise Act 2018](http://www.legislation.govt.nz/act/public/1996/0027/latest/DLM377337.html), or legislation administered by the Government department responsible for particular controls. Some prohibitions/restrictions can be waived, subject to prior approval/exemption from relevant Government departments or agencies (e.g. MPI, Ministry of Health, Environmental Protection Authority, and Ministry of Foreign Affairs and Trade) prior to importation for the prohibition/restriction to be waived. Some import prohibitions and restrictions are covered by import alerts on the NZCS computerized entry processing system and are subject to electronic compliance checks. These relate to, *inter alia*, agricultural products, food, chemicals, controlled drugs, explosives, firearms, hazardous waste. A comprehensive list of these products and a description of related procedures are found on the NZCS website.[[153]](#footnote-153)

As indicated at the time of its previous Review in 2015, New Zealand notified all of its quantitative restrictions to the WTO in 2014.[[154]](#footnote-154) New Zealand updated its quantitative restriction notification in 2021.[[155]](#footnote-155) In accordance with Article 7.3 of the Agreement on Import Licensing Procedures, New Zealand's import licensing procedures are also included in the annual questionnaire submitted to the Committee on Import Licensing. No import licensing, prohibitions, or restrictions, or licensing are operated on commercial grounds.

The current quantitative restrictions in force are implemented for various purposes, such as protection of public morals, compliance with domestic regulations and international conventions, or protection of public health. They include agricultural products, chemicals, and endangered species, as well as a range of food products.

### Anti-dumping, countervailing, and safeguard measures

On 29 May 2017, the Dumping and Countervailing Duties Act 1988 No. 158 was amended to provide for a public interest assessment in the application of anti-dumping and countervailing duties.[[156]](#footnote-156) The name of the Act became the Trade (Anti-dumping and Countervailing Duties) Act 1988. Otherwise, no noticeable changes were made during the review period to New Zealand's legislation and institutional framework on anti-dumping, countervailing, and safeguard measures.

The Trade (Anti-dumping and Countervailing Duties) Act 1988 provides the legal basis for investigating dumping and subsidization, and for the imposition of anti-dumping and countervailing duties in New Zealand. Its main provisions reflect the WTO's Anti-Dumping Agreement and Agreement on Subsidies and Countervailing Measures. The Trade and International team of the Ministry of Business, Innovation and Employment (MBIE) is in charge of the investigation process (acceptance of a complaint by New Zealand producers, initiation of an investigation, and the core investigation process).

New Zealand's RTAs also contain anti-dumping and countervailing provisions. Under the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) protocol, Australia and New Zealand have agreed to dispense with anti‑dumping action in relation to goods produced in either country. However, countervailing measures may be taken by either country.

Under the New Zealand-Singapore Closer Economic Partnership Agreement, New Zealand and Singapore may take anti-dumping and countervailing action against each other. However, in the case of anti-dumping, this agreement provides for a higher *de minimis* dumping margin and a higher "negligible imports" volume threshold. In addition, anti-dumping and countervailing duties will cease after three years unless reviewed, rather than five years as provided for under WTO rules.

Since the time of the last Review, New Zealand has entered a number of agreements that contain provisions on anti-dumping and countervailing measures. These include the New Zealand-Korea FTA, the CPTPP, the RCEP, and PACER Plus.

Many of New Zealand's trade agreements contain provisions on anti-dumping and countervailing measures including transparency, notification, and consultation requirements to be followed to ensure greater due process when conducting investigations. Under the trade agreements with Pacific Islands Forum countries and with Canada, there are a number of notification and consultation requirements to be followed, prior to anti-dumping and countervailing actions.

Under PACER Plus, developed country parties shall give special regard to developing country Parties when considering and before making a decision on applying anti-dumping measures. Under the New Zealand-Korea Free Trade Agreement, the Parties agreed to the application of the "lesser duty rule" for the imposition of anti-dumping duties. Under the RCEP agreement, Parties agreed to a range of notification and consultation provisions. The CPTPP agreement contains an annex of best‑practice provisions relating to the conduct of investigations.

During the review period, New Zealand initiated and completed several trade remedies investigations (Table 3.7). In addition, there are two products being investigated as at end-2021: aluminium zinc coated steel from the Republic of Korea and Chinese Taipei; and preserved peaches from Spain.[[157]](#footnote-157)

Table 3.7 Trade remedy investigations, 2016-21

| Year | Country | Product | Type and duty |
| --- | --- | --- | --- |
| 2017 | Spain | Preserved peaches | AD review investigation  Duties ended 23 February 2017 |
| 2017 | China | Galvanized steel coil | Subsidy investigation  No duty applied |
| 2017 | China | Peaches in preserving liquid | Review of AD duties  Duties ended 17 July 2017 |
| 2018 | China | Reinforcing steel bar and coil | Subsidy investigation  No duty applied |
| 2018 | China and Malaysia | Reinforcing steel bar and coil | Dumping investigation  No duty applied |
| 2018 | China and Malaysia | Certain hollow steel sections | Dumping investigation  No duty applied |
| 2019 | China | Certain hollow steel sections | Subsidy investigation  No duty applied |
| 2019 | China | Galvanized steel coil | Subsidy reconsideration  No duty applied |
| 2019 | Spain | Preserved peaches | Dumping reconsideration of review  Reassessed duties applied |
| 2019 | China | Preserved peaches | Dumping reconsideration of review  No duty applied |
| 2019 | South Africa | Canned peaches | Review of AD duties  Reassessed duties applied |
| 2020 | Malaysia | Galvanized wire | Full review of AD duties  Reassessed duties applied |
| 2021 | China and Indonesia | Galvanized wire | Dumping investigation  Duties applied |
| 2021 | Greece | Canned peaches | Full review of AD duties  Duties applied |
| 2021 | Belgium and the Netherlands | Frozen potato fries and wedges | Dumping investigation  No duty applied |

AD Anti-dumping.

Source: MBIE, *Trade Remedy Investigations*. Viewed at: <https://www.mbie.govt.nz/business-and-employment/business/trade-and-tariffs/trade-remedies/trade-remedy-investigations/>.

As of end‑December 2021, New Zealand maintained definitive anti-dumping measures against China, Greece, Malaysia, South Africa, and Spain (Table 3.8).

Table 3.8 Definitive anti-dumping measures, as of 31 December 2021

|  |  |  |  |
| --- | --- | --- | --- |
| Country | Product | Date of original imposition | Date duties cease |
| China | Galvanized wire | 12 March 2021 | 12 March 2026 |
| Greece | Canned peaches | 9 March 1998 | 28 April 2026 |
| Malaysia | Galvanized wire | 27 April 2004 | 17 December 2025 |
| South Africa | Canned peaches | 2 August 1996 | 13 March 2025 |
| Spain | Preserved peachesa | 11 August 2011 | Under review |

a These duties were terminated in March 2017 upon completion of a five-year "sunset" review but later restored as a result of a reconsideration of that sunset review. The reconsideration was initiated at the direction of the High Court of New Zealand and completed on 27 August 2019. Anti‑dumping duties were restored with effect from 28 August 2019.

Source: MBIE, *Imported Goods Subject to Anti-dumping and Countervailing Duties*. Viewed at: <https://www.mbie.govt.nz/business-and-employment/business/trade-and-tariffs/trade-remedies/imported-goods-subject-to-anti-dumping-and-countervailing-duties/>.

During the review period, New Zealand initiated countervailing investigations against China regarding the following products: galvanized steel coil; reinforcing steel bar and coil; and hollow steel sections.[[158]](#footnote-158) New Zealand has not imposed any countervailing duties since its last Review.

#### Safeguards

The Trade (Safeguard Measures) Act 2014 No. 66 was enacted at the end of 2014 and put in place a new safeguards regime repealing the Temporary Safeguard Authorities Act 1987. The 2014 Act requires New Zealand to apply safeguard measures following WTO rules.

The 2014 Act includes, *inter alia*, the following measures: authorizes the Commerce and Consumer Affairs Minister to impose separate provisional and final safeguard duties to allow safeguard action to be taken quickly; criteria for determining whether the imposition of a safeguard measure is in the public interest; extends the time-frame for completing a safeguard investigation from 30 to 75 working days; and allows safeguard duties to be refunded if the investigation finds the measures were not required.

New Zealand did not impose any safeguard measures or undertake any safeguard investigations during the review period.

All of New Zealand's FTAs contain provisions on global safeguard measures, even if that is only to reconfirm or maintain WTO provisions. The ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), the New Zealand‑Thailand Closer Economic Partnership Agreement, the New Zealand‑China FTA Upgrade, the New Zealand-Malaysia FTA, the New Zealand-Korea FTA, the RCEP, and the CPTPP include a bilateral transitional safeguard mechanism that allows each Party to impose a bilateral transitional safeguard on imports from the other Party during the period tariffs are being phased out for any particular good and for a limited period. Such a transitional safeguard mechanism can be imposed to address situations of serious injury or threats of serious injury to a domestic industry caused by increased imports as a result of tariff reductions under the FTA. In these situations, action can include suspending further tariff reductions or reverting to higher tariffs for a certain period.

The Closer Economic Partnership between New Zealand and Hong Kong, China and the Economic Cooperation Agreement between New Zealand and Chinese Taipei, both include a provision where, if either Party imposes a WTO safeguards measure, it shall exclude imports from the other party if such imports are not a cause of serious injury or threat thereof. The New Zealand‑Thailand Closer Economic Partnership Agreement, the New Zealand‑China FTA Upgrade, the New Zealand‑Malaysia FTA, the CPTPP, and the New Zealand-Korea FTA provide that a Party applying a global safeguard measure may exclude imports from the other Parties where those imports are not cause of serious injury. Under the Australia‑New Zealand Closer Economic Relations Agreement and the New Zealand–Singapore Closer Economic Partnership Agreement, a Party imposing a global safeguard measure must exclude imports originating from another Party from the measure. PACER Plus allows for a developing country Party to impose a transitional safeguard measure, during the transition period only, on imports from another Party. Such a transitional safeguard mechanism can be imposed to address situations of serious injury or threats of serious injury to a domestic industry caused by increased imports as a result of tariff reductions under the agreement.

## Measures Directly Affecting Exports

### Customs procedures and requirements

Customs procedures and requirements regarding exports are now regulated through the Customs and Excise Act 2018. All export declarations must be lodged and cleared electronically before goods are loaded for export. Goods valued at less than NZD 1,000 and passenger effects are exempt from this requirement. Under the Secure Export Scheme, a voluntary arrangement between exporters and the NZCS, the exporters' international supply chain is protected against tampering, sabotage, smuggling, and other transnational crime. This scheme offers several advantages, such as NZCS advice, assistance for unexpected issues, and a reduced export entry transaction fee of NZD 12.01 (inclusive of GST) are offered to registered exporters.[[159]](#footnote-159)

According to the World Bank, in 2020 the time needed to export goods from New Zealand was 37 hours at a cost of USD 337, compared to an average of 12.7 hours and USD 136.8, respectively for OECD high-income countries.[[160]](#footnote-160)

### Taxes, charges, and levies

New Zealand does not impose export taxes or duties on exports.

New Zealand customs legislation does not contain a framework governing the valuation of goods for export purposes.

### Export prohibitions, restrictions, and licensing

Export prohibitions, restrictions, and licensing are regulated under the [Customs and Excise Act 2018](http://www.legislation.govt.nz/act/public/1996/0027/latest/DLM377337.html) or legislation administered by the government department responsible for particular controls. New Zealand imposes restrictions, licensing requirements, controls, and prohibitions on a variety of exports mostly for health and safety reasons, or to comply with international obligations. Some prohibitions/restrictions can be waived, subject to prior approval/exemption from the relevant government departments or agencies (e.g. the MPI, the Ministry of Health, the Environmental Protection Authority, or the Ministry of Foreign Affairs and Trade) prior to exportation. Some export prohibitions and restrictions are covered by export alerts on the NZCS computerized entry processing system and are subject to electronic compliance checks. These relate to, *inter alia*, certain horticultural products, protected objects, chemicals, controlled drugs, explosives, firearms, and hazardous waste. A comprehensive list of these products may be found on the NZCS website. Exports of certain goods may be restricted for a range of reasons, such as ensuring New Zealand's compliance with international conventions (such as the Convention on International Trade in Endangered Species (CITES), the Montreal Protocol, and the Stockholm Convention), conservation of goods of cultural status / tāonga such as pounamu and tῡturu, or ensuring that products meet requirements under relevant New Zealand legislation.

The NZCS maintains a list of goods subject to export prohibitions, restrictions, and licensing on its website.[[161]](#footnote-161)

### Export support and promotion

Under the Goods and Services Tax Act 1985 and the Customs and Excise Act 2018, exporters continue to be eligible for duty drawback on import duties, excise taxes and, in certain cases GST, paid on imported goods.[[162]](#footnote-162) Exporters can claim a refund of duties for: (i) goods imported into New Zealand that are later exported; (ii) goods manufactured and exported from New Zealand; (iii) imported parts used for goods manufactured in New Zealand and subsequently exported; and (iv) imported materials, except fuel or plant equipment, used in the manufacture of goods in New Zealand and exported. Re-import of goods exported under drawback provisions is allowed (subject to payment of corresponding customs duty).

The minimum amount of drawback that can be claimed for commercial goods is NZD 50. There is no minimum amount for private exporters.

The amount of duties refunded under the drawback scheme stood at NZD 78 million in 2020/21, up from NZD 44 million in 2013/14.

Duties may be waived for temporary imports if the goods are re-exported or packed for export in a customs-controlled area or destroyed within 12 months from the date of importation. In addition, duty remissions are available for goods held in customs-controlled areas (export warehouses and duty-free shops) duly licensed by the NZCS.

Since the previous Review, there has been further investment in New Zealand's export promotion framework. New Zealand Trade and Enterprise (NZTE) received additional funding and resource to support New Zealand's trade recovery. The NZTE has the responsibility to extend companies' international reach by focusing assistance on them and mobilizing capital to support business growth. Its activities include strategic advice; facilitating access to networks, research, and market intelligence for new export companies; and support for enterprises that already export.[[163]](#footnote-163) The additional resource has enabled a doubling of the number of companies it works with, launching a new My NZTE online portal to reach more businesses, and greater support on the ground for exporters who are not able to travel.

The International Growth Fund (IGF) of NZD 60 million (as at November 2021) provides support to assist firms that have the potential to contribute to New Zealand's long-term economic growth and acquire key capabilities for business growth, including:

* 1. gaining knowledge of new markets;
  2. business and management capability;
  3. ability to innovate and manage the commercialization of research and development; and
  4. ability to access and raise finance for future opportunities.

The New Zealand Story (NZ Story) has built resources to promote the good reputation of export products by sharing success stories on some New Zealand products and services, managing the FernMark programme (a country of origin mark), and working with exporters to reflect the values and images of New Zealand in their international marketing. The NZ Story Secretariat is housed within NZTE.

### Export finance, insurance, and guarantees

The New Zealand Export Credit Office (NZECO), under the Treasury, provides trade credit insurance and financial guarantee products that complement those available in the private sector for exporters and banks, including against the risk of non‑payment arising from defined political or commercial risks (up to 100% cover).[[164]](#footnote-164)

NZECO charges risk-weighted premiums for its products, and its obligations to third parties are guaranteed by the Government. The Government's maximum liability under the scheme is NZD 740 million. To be eligible for NZECO's guarantees, an exporter must be either a New Zealand registered company, or a subsidiary of a New Zealand registered company located abroad, and an economic benefit to New Zealand must exist from the transaction. NZECO's solutions can also be provided to a New Zealand firm that is providing goods or services that are integral to a New Zealand exporter's supply chain.

NZECO's products relate to short (less than one year), and medium/long-term financing (between 1 and 14 years). NZECO is not mandated to compete with the private insurers and can only provide this product for non-marketable risks and/or where the insurers lack the capacity. During the 2020/21 financial year, NZECO underwrote NZD 174 million of new exposure, in support of 68 exporting companies. This support included co-insurance (top-up cover) policies to support the private insurers' capacity.

According to the authorities, NZECO follows the OECD Arrangement on export credits and pricing, as well as its own Crown-mandated criteria and prudential limits. Pursuant to the OECD Arrangement, New Zealand does not provide officially supported export credits or tied aid for unabated coal-fired power plants.

## Measures Affecting Production and Trade

### Incentives

New Zealand provides various forms of incentives to firms with a strong emphasis on innovation and capacity-building; however, these are not targeted at specific sectors. Incentive programmes are delivered through Callaghan Innovation and NZTE. Callaghan Innovation, a stand‑alone Crown entity established in 2013, is New Zealand's innovation agency. It accelerates the commercialization of innovation by firms, funds business R&D, advises business on innovation, and provides some research and technical services.[[165]](#footnote-165)

Callaghan Innovation has a mixed delivery model of six products available to New Zealand businesses. According to the authorities, the intent is to build the innovation skills needed to take ideas through to valued products and services.[[166]](#footnote-166) These products include the following:

* 1. Lean: a workshop and coaching programme for businesses to help boost competitiveness and performance. It can include co-funding of 40% or up to NZD 20,000 towards consultant costs for implementation in the first 12 months after the workshop.
  2. Digital Lean: a capability-building programme similar to Lean that also teaches strategies related to new technologies.
  3. Beyond IP: a programme that teaches businesses about intellectual property strategy.
  4. Technology Incubators: a programme that supports the commercialization of deep tech start-ups. Support can include a NZD 750,000 repayable loan.
  5. Founder Incubators & Accelerators: Callaghan Innovation supports the operating funding to the value of NZD 2.87 million to a range of organizations that provide support to start‑ups.
  6. Capital Education: a virtual introductory workshop on the capital-raising process.

Under the Callaghan Innovation's [Business R&D Funding](http://www.callaghaninnovation.govt.nz/what-we-do/funding-and-grants) programme, over NZD 162 million was awarded in FY2020/21 to provide an incentive for increasing business investment in R&D with a view to accelerating innovation by firms in New Zealand. The programme is implemented through the following schemes:

* 1. The R&D Tax Incentive (RDTI), run by MBIE, Callaghan Innovation, and Inland Revenue. The RDTI allows businesses to claim 15% tax credit on eligible R&D costs. Loss‑making businesses can apply to have the tax credit refunded or carried forward. The Government will invest NZD 1 billion into the RDTI over the next four years to encourage New Zealand businesses to spend more on R&D.
  2. Callaghan Innovation has a range of Project and Student Grants. From FY2022/23, this will become a yearly appropriation of NZD 37.5 million, including the following grants:
     1. A Getting Started Grant is available for businesses at early stage or new to R&D;
     2. An R&D Experience Grant allows businesses to hire a tertiary student to support R&D work over their summer break. The business receives funding of NZD 8,460 plus GST for 400 hours of full‑time work.
     3. An R&D Fellowship Grant provides businesses with advanced research at the PhD or master's degree level to help solve an R&D problem; and
     4. An R&D Career Grant provides funding for an internship, allowing people with a PhD or master's degree to gain six months' experience in helping to solve an R&D problem.
  3. The R&D Project Grants supports companies with new or weak R&D programmes.

The NZTE, formed in 2003, is New Zealand's international business development agency. It offers strategic advice, access to networks and influencers, and research and market intelligence, and it has the responsibility to extend companies' international reach by assisting them and mobilizing capital to support business growth.

The NZTE, through its International Growth Fund (IGF), assists businesses that have the potential to contribute to New Zealand's long-term economic growth by helping them acquire key capabilities for business growth, including knowledge of new markets; business and management capability; the ability to innovate and manage the commercialization of R&D; and the ability to access and raise financing for future opportunities. IGF funding increased from NZD 30 million to NZD 60 million per year for the next four years (2022-26) as part of New Zealand's response to COVID‑19 disruptions.[[167]](#footnote-167)

### Subsidies and other government assistance

In its latest notification to the WTO, New Zealand reported 3 subsidy schemes (down from 11 programmes in 2011) that aim to promote R&D, industry innovation, business capabilities, jobs, sustainable economic development, and environmental sustainability (Table 3.9).[[168]](#footnote-168)

Table 3.9 Subsidy schemes, 2021

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Subsidy scheme | Purpose | Form of assistance | Duration | Annual budget (NZD million) |
| Primary Growth Partnership (PGP) | Research and innovation | Grants for up to 40% of eligible costsa | Final contract payments by 2026 | FY2018/19: 29.83  FY2019/20: 7.27 |
| Sustainable Food and Fibre Future (SFFF) | Industry innovation and capability-building | Government and non‑government investment fund | No fixed duration | FY2018/19: 34.00  FY2019/20: 25.04 |
| Provincial Growth Fund (PGF) | Jobs, economic development, environmental sustainability | Loans, grants, or equity | Until 2027/28 | FY2018/19: 220.181  FY2019/20: 439.657 |

a Programmes approved before December 2015 were eligible for up to 50% Crown funding.

Source: WTO Secretariat, based on WTO document G/SCM/N/372/NZL, 30 June 2021.

The Primary Growth Partnership (PGP) is a government-industry partnership scheme (industry contributions must be at least 60% of the total programme funding), administered by the Ministry for Primary Industries. Primary, forestry, and food sector industries are eligible to participate. The PGP has been replaced by the Sustainable Food and Fibre Futures (SFFF) programme.[[169]](#footnote-169)

The SFFF, introduced in October 2018, is a merger of two pre-existing funds: the PGP and the Sustainable Farming Fund. The SFFF, also administered by the Ministry for Primary Industries, funds transformative programmes through partnerships and grants to create more value, develop capabilities, and deliver economic, social, cultural, and environmental benefits.[[170]](#footnote-170)

The Provincial Growth Fund (PGF), approved by the Cabinet in December 2017, is administered by the MBIE. Local authorities[[171]](#footnote-171), government departments, charitable trusts, companies, incorporated societies, Māori trusts, and partnerships are eligible for this fund.

### Standards and other technical requirements

#### Standardization

During the review period, New Zealand made some institutional reforms to its standards and conformance system through the adoption of the Standards and Accreditation Act 2015.[[172]](#footnote-172) These reforms affected mainly the administrative process for the approval of standards, and the management structure of the country's accreditation authority (see below). The new Act was adopted in October 2015 following a review that started in 2012 seeking to strengthen the functioning of the system and reduce its costs. The Standards and Accreditation Act 2015 repeals and replaces the Standards Act 1988 and Testing Laboratory Registration Act 1972, and has been since its adoption the main legal instrument regulating the development and adoption of standards and conformity assessments. The Act entered into force on 1 March 2016.

Prior to the adoption of the Standards and Accreditation Act 2015, the New Zealand Standards Council and its operational arm Standards New Zealand, both Crown entities, were the main institutions in charge of the development and adoption of standards in New Zealand. The New Zealand Standards Council used to oversee their development and adoption, and was responsible for approving or rejecting them. Under the new Act, the New Zealand Standards Council was dismantled, and most of its functions were transferred to an official appointed as New Zealand Standards Executive in the MBIE. Standards New Zealand is now the operational arm of the New Zealand Standards Executive and a unit within the MBIE. The Standards and Accreditation Act 2015 also provides for the establishment of the New Zealand Standards Approval Board.

The New Zealand Standards Executive manages and coordinates: (i) the formation of standards development committees; (ii) the development of new standards by the committees; and (iii) the review of existing ones. The New Zealand Standards Executive also informs Ministers on the review or revocation of compulsory standards (i.e. technical regulations) before such a proposal is referred to the Standards Approval Board for consideration.[[173]](#footnote-173) Standards are compulsory if they are cited or incorporated by reference in any Act or regulations. All products – imported or domestically produced – must comply with the corresponding technical regulation to be sold in New Zealand.

The Standards Approval Board consists of five to seven members appointed by the Minister of Commerce and Consumer Affairs. Its main functions are to approve: (i) the composition of the standards development committees; and (ii) the standards developed by these committees, and their amendments. The Standards Approval Board is also responsible for approving the archiving and revocation of New Zealand standards, as well as advising the Minister on priority areas for their development and review, or any other related matter.[[174]](#footnote-174) With a view of streamlining the administration of standards (and their development and review), under the Standards and Accreditation Act 2015 the review or revocation of compulsory standards no longer require ministerial approval.[[175]](#footnote-175)

Standards New Zealand continues to be the country's national standards body, and as such is the leading developer of standards and the country's representative at the international level. It participates in the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC). Standards New Zealand also operates the National Enquiry Point under the WTO Agreement on Technical Barriers to Trade (TBT), and in accordance with the relevant Memorandum of Understanding (MOU) with the Ministry of Foreign Affairs and Trade (MFAT). Standards New Zealand is financially independent and operates on a cost recovery basis.

Standards New Zealand manages the development of New Zealand standards, and of joint Australian-New Zealand standards. To promote harmonization with international standards, the authorities indicate that Standards New Zealand prompts stakeholders, including regulators, to adopt existing standards (identical or with modifications), where appropriate and possible, unless a valid reason can be substantiated for a new standard. In 2021, the total number of standards in New Zealand's catalogue, which comprises New Zealand standards and joint Australia-New Zealand standards, was 2,670, down from 3,205 in 2014[[176]](#footnote-176), following the withdrawal of older standards that were not replaced with new ones.[[177]](#footnote-177) The majority of standards in New Zealand's catalogue are developed in partnership with Standards Australia (87% of the total number of standards in 2021) and are not cited in primary or secondary legislation, and are therefore voluntary (69%). About half of standards in New Zealand's catalogue are equivalent to international standards (Table 3.10).

Table 3.10 New Zealand standards, 2015-21

|  | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Total number of standards | 2,966 | 3,004 | 3,049 | 2,724 | 2,762 | 2,773 | 2,670 |
| - of which technical regulations | 1,263 | 1,301 | 1,335 | 852 | 815 | 807 | 828 |
| - share developed by New Zealand | 13% | 12% | 12% | 13% | 13% | 13% | 13% |
| - share developed jointly by Australia and New Zealand | 87% | 88% | 88% | 87% | 87% | 87% | 87% |
| - share of total equivalent to ISO standards | 16% | 16% | 17% | 17% | 16% | 17% | 22% |
| - share of total equivalent to IEC standards | 21% | 22% | 19% | 20% | 21% | 21% | 27% |
| - share of total equivalent to ISO and IEC (ISO/IEC) | 9% | 9% | 9% | 5% | 5% | 5% | 5% |
| - share of total for which no internationally equivalent standard available | 54% | 53% | 55% | 58% | 58% | 57% | 50% |

Notes: Technical regulations are defined as standards cited in the legislation or regulations, and so the number of technical regulations refers to the number of cited standards in the Standards New Zealand catalogue.

The percentage of standards for which no internationally equivalent standard is available refers to the percentage of all New Zealand or joint Australia-New Zealand standards in New Zealand's catalogue that are not based on ISO, IEC, or ISO-IEC standards.

Source: Information provided by Standards New Zealand.

Except for the approval process, which is now the responsibility of the Standards Approval Board, the procedure for preparing, issuing, or revising standards or technical regulations has not changed substantially since the previous Review (Box 3.1). During the development phase, draft standards are subject to a public consultation period of approximately eight weeks, depending on the scope of the project. If the consultation leads to substantial changes to the draft, a second round of consultations for the revised draft may take place. Draft standards that meet the criteria under the Act are taken before the Standards Approval Board for approval. Upon approval, they are published online as new or revised standards. Standards New Zealand has also developed a review process for aged standards, under which standards that are at least 10 years old are reviewed against a set of additional criteria and then proposed for withdrawal if deemed necessary.[[178]](#footnote-178) All withdrawal proposals are subject to public consultation with stakeholders to determine whether they need to be withdrawn, reconfirmed, or revised.

Box 3.1 Development process of New Zealand standards

|  |
| --- |
| Standards New Zealand manages the development of New Zealand standards (and joint Australia-New Zealand standards in collaboration with Australia Standards) when no international standards are available or suitable. The preparation of a New Zealand standard follows six stages:   * + Initiation: A project to develop or revise a standard is commissioned by stakeholders, in general an industry association or a regulator/government department to Standards New Zealand.   + Committee formation: Following approval by the Standards Approval Board, a committee of technical experts nominated by sector representatives and regulators is established to draft the standard.   + Standard preparation: The Committee drafts the standard.   + Public consultation: The proposed standard is subject to public consultation for a period of approximately eight weeks, depending on the scope of the project. If the number of comments is significant and they result in substantial changes, a second round of consultation on the revised draft may take place.   + Completion of drafting and approval by the Committee: The Committee completes the final version of the standard and must approved it by consensus.   + Approval by the Standards Approval Board and publication by Standards New Zealand: The New Zealand Standards Executive takes the draft standard before the Standards Approval Board for approval. Following its approval, Standards New Zealand publishes the standard.   According to the authorities, the duration of the preparation process of a New Zealand standard can vary from three months to several years depending on the complexity of the project. |

Source: Standards New Zealand.

From 1 January 2015 to 31 January 2022, New Zealand made 39 TBT notifications (i.e. regular notifications, excluding revisions and addendums) of which all except for 2 relate to proposed technical regulations or proposed conformity assessment procedures.[[179]](#footnote-179) These measures covered, *inter alia*, food, alcoholic beverages, plastics, chemicals, and construction materials, and they were based on, *inter alia*, health, safety, quality, or environmental considerations. The other two notifications were about the adoption of emergency/urgency technical regulations.[[180]](#footnote-180)

During the same period, WTO Members raised one TBT specific trade concern (STC) against New Zealand (May 2020) concerning the proposal of a new label requirement under which labels for packed meat and cured pork must specify where the animal was raised (see below). This was the only TBT STC against New Zealand during this period. New Zealand raised 21 new TBT STCs against other WTO members in the WTO Committee on Technical Barriers to Trade.[[181]](#footnote-181)

#### Conformance system

The MBIE is responsible for overseeing New Zealand's conformance infrastructure and providing advice to the Government on related policy and regulations. Authorities comprising New Zealand's conformance infrastructure are two accreditation bodies (International Accreditation New Zealand and the Joint Accreditation System of Australia and New Zealand), a legal metrology authority (Trading Standards), and a national metrology institute (the Measurement Standards Laboratory) (Table A3.4).

* 1. International Accreditation New Zealand (IANZ) is the country's accreditation body for testing and calibration laboratories, and inspection bodies. Once accredited, testing and calibration laboratories and inspection bodies are subject to subsequent reassessments by the IANZ to ensure compliance with the accreditation status. The IANZ charges fees for the services it renders, and is a full member (i.e. signatory to the corresponding Mutual Recognition Arrangement (MRA) and subject to peer evaluation) of the International Laboratory Accreditation Co‑operation (ILAC) and the Asia Pacific Accreditation Cooperation (APAC). Based on the ILAC MRA, conformity assessment results from IANZ-accredited laboratories and inspection bodies are recognized in 103 countries.[[182]](#footnote-182)
  2. The Joint Accreditation System of Australia and New Zealand (JAS-ANZ) provides accreditation for certification and inspection bodies. Once accredited, relevant bodies are subject to subsequent reassessments to ensure compliance with the accreditation status. JAS-ANZ charges fees for the services it renders. JAS-ANZ is a full member of the International Accreditation Forum (IAF), the ILAC, and APAC.[[183]](#footnote-183)
  3. Trading Standards under the MBIE is New Zealand's legal metrology authority. It is responsible for administering and enforcing the Weights and Measures Act 1987, and monitoring the quality of retail fuel. Through Trading Standards, New Zealand is a member of the International Organisation of Legal Metrology, and Asia Pacific Legal Metrology Forum, and it maintains with Australia a Trade Measurement Advisory Committee that focuses on trade measurement issues.
  4. The Measurement Standards Laboratory (MSL) is New Zealand's national metrology institute, and is part of Callaghan Innovation, the country's innovation agency. Its main responsibility is to ensure that the country's units of measurement are consistent with the International System of Units. New Zealand is party to the Metre Convention, establishing the International Bureau of Weights and Measures (BIPM), and signatory through the MSL to the International Committee for Weights and Measures (CIPM) MRA, an arrangement for the international mutual recognition of national measurement standards and of calibration certificates issued by national metrology institutes framed by the CIPM. The MSL is also a member of the Asia-Pacific Metrology Programme, which brings together all the national metrology institutes in the region.

During the review period, New Zealand's conformance system was not subject to any major change, except for some institutional and administrative amendments made to the Testing Laboratory Registration Council managing IANZ. In 2015, New Zealand repealed the Testing Laboratory Registration Act 1972, which established the Testing Laboratory Registration Council and incorporated its provisions into the Standards and Accreditation Act 2015. Under the new Act, New Zealand renamed the Testing Laboratory Registration Council to Accreditation Council, clarified its functions, amended the composition of the council, and provided that all its members be appointed only by the Minister of Commerce and Consumer Affairs.[[184]](#footnote-184) The Accreditation Council continues to conduct its operations through IANZ, and to own Telarc Limited (a Certification body), which provides certification services.[[185]](#footnote-185)

In 2018, the MBIE also launched a review to assess the functioning of New Zealand's conformance system. Based on this review, the MBIE developed a strategy that identifies actions to enhance the conformance system for the period 2019-22. The MBIE is responsible for implementing the strategy in collaboration with New Zealand's standard and conformance infrastructure authorities, and for monitoring its progress. As part of the strategy's actions, the MBIE strengthened the role of the existing Standards, Accreditation and Metrology Group (SAM) to support the implementation of the strategy. The SAM is convened by the MBIE and meets on a quarterly basis. Its purpose is to enhance information sharing, collaboration, and coordination between agencies responsible for New Zealand's standards and conformance infrastructure.[[186]](#footnote-186)

In the area of international regulatory cooperation, New Zealand and Australia have signed the Trans-Tasman Mutual Recognition Arrangement (TTMRA), which is, according to the authorities, one of New Zealand's most comprehensive economic integration arrangements. The TTMRA provides for the recognition of equivalence of technical regulations so that any good that can be legally sold in Australia can also be sold in New Zealand (and vice versa) without further technical regulation requirements, and with very limited exceptions (e.g. radio communications regulations). The TTMRA also covers professional qualifications and provides for the mutual recognition of occupational registrations.

In addition to the TTMRA, New Zealand had, as at January 2022, 10 mutual recognition agreements or arrangements (MRAs)[[187]](#footnote-187) with key trading partners covering selected products, 8 of which were for the acceptance of conformity assessment results, and 2 for certification (Box 3.2).[[188]](#footnote-188) Of these instruments, three were signed during the review period: one with China; one with the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei); and one with the United Kingdom. The MRA with the United Kingdom was signed in 2019 following its withdrawal from the European Union, and has the same coverage as the one with the European Union, i.e. electromagnetic compatibility, low voltage equipment, machinery, medicinal products and devices, pressure equipment, and telecommunications terminal equipment. The MRAs with China and Chinese Taipei were signed in 2016 and 2020, respectively, and cover the recognition of the certification of organic products. As at January 2022, the former was not yet operational but its implementation was ongoing.

New Zealand also unilaterally recognizes certification of certain products issued by other jurisdictions, such as certification for gas appliances issued by certain European, North American, and Australian certification bodies.[[189]](#footnote-189)

Box 3.2 Conformity assessments and related MRAs signed by New Zealand, 2022

|  |
| --- |
| **APEC economies:** New Zealand has three MRAs under APEC:   * + the APEC Electrical and Electronic Equipment Mutual Recognition Arrangement, which provides for the mutual recognition of conformity assessment results for electric and electronic equipment;   + the APEC Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment, which provides for the recognition and acceptance of test results and/or authorizations for relevant equipment; and   + the APEC Mutual Recognition Arrangement on Conformity Assessment of Foods and Food Products, which is a framework agreement for the recognition of conformity assessment results for food products.[[190]](#footnote-190) |
| **China:** New Zealand has two MRS with China:   * + one providing for the mutual recognition of conformity assessment results for electric and electronic equipment and components; and   + one providing for mutual recognition of the certification of organic products. |
| **Chinese Taipei:** New Zealand has two MRAs with Chinese Taipei:   * + one providing for the mutual recognition of conformity assessment results for electric and electronic equipment and components, including electrical safety and electromagnetic compatibility; and   + one providing for mutual recognition of the certification of organic products. |
| **European Union:** The MRA with the European Union provides for mutual recognition of conformity assessment results for electromagnetic compatibility, low voltage equipment, machinery, medicinal products and devices, pressure equipment, and telecommunications terminal equipment. |
| **Singapore:** The MRA with Singapore provides for mutual recognition of conformity assessment results for electric and electronic equipment, and components. |
| **United Kingdom:** The MRA with the United Kingdom provides for the mutual recognition of conformity assessment results for electromagnetic compatibility, low voltage equipment, machinery, medicinal products and devices, pressure equipment, and telecommunications terminal equipment. |

Source: WTO Secretariat based on information provided by the authorities.

#### Labelling and marking

New Zealand prohibits the importation of all goods bearing false information or including trademarks or signs likely to mislead or deceive consumers.[[191]](#footnote-191) All goods sold are subject to quantity labelling requirements and must use one of the units of New Zealand's metric system when marking their net weight or measure.[[192]](#footnote-192)

Imported and locally produced food must meet label requirements under the Food Act 2014 and the Australia-New Zealand Food Standards Code (Section 3.3.4). Information on food labels must in general include a date marking for sale, a lot identification, a New Zealand or Australian name and business address, a description of the good, an ingredients list and their content (in percentage), a nutrition information panel, use and storage directions, allergens declarations, and warning and advisory statements. A number of food products are subject to specific requirements including genetically modified food, food for infants, fish, alcoholic drinks (including wine), irradiated food, and food containing hemp seeds.[[193]](#footnote-193)

New Zealand also has six Consumer Information Standards (CIS) Regulations with labelling information requirements for clothing (care, country of origin, and fibre content), used motor vehicles, water efficiency, and the origin of food.[[194]](#footnote-194) The CIS Regulations for water efficiency and food origin were adopted during the review period, in 2017 and 2021, respectively. The CIS Regulations for water efficiency applies to water-using equipment (e.g. washing machines and dishwashers), and requires labels to include information on their water consumption. The CIS Regulations on the origin of food (both fresh and frozen) require that labels include the country of origin for fruit and vegetables, meat and cured pork, and fish and seafood. The proposed draft of these regulations was notified to the WTO in December 2019[[195]](#footnote-195) and was the object of a TBT STC in the WTO TBT Committee in May 2020, which the authorities indicate was satisfactorily addressed.[[196]](#footnote-196) The CIS Regulations on the origin of food were to enter into force on 12 November 2021 for fresh food but were postponed to 12 February 2022 to give businesses more time to adjust. For frozen foods the entry into force has not changed and remains 12 May 2023.

In March 2018, New Zealand also put in place a standardized packaging regime for tobacco. Under this regime, New Zealand requires that all tobacco products be sold in dark brown/green coloured packaging (same as in Australia, the United Kingdom, Ireland, and France), with no company logos and the same font for all brands. New pictures and health warning must cover at least 75% of the front of the package, and the entire back.[[197]](#footnote-197) Full implementation of the regime started on 6 June 2018. In 2021, New Zealand held public consultations on further proposals, including proposed technical regulations, aiming at reducing smoking and tobacco availability to minimal levels by 2025.[[198]](#footnote-198)

### Sanitary and phytosanitary requirements

#### General framework

New Zealand's sanitary and phytosanitary (SPS) framework is regulated through a large body of statutes, which primarily includes the Biosecurity Act 1993, the Agricultural Compounds and Veterinary Medicines Act 1997, the Animal Products Act 1999, the Dairy Industry Restructuring Act 2001, the Wine Act 2003, and the Food Act 2014. While these primary SPS-related laws remained in force during the review period, the Food Safety Law Reform Act 2018 (FSLR Act) amended the Animal Products Act 1999, the Food Act 2014, and the Wine Act 2003 to streamline the content and format of certain guiding documents, such as Regulations, Notices, and Codes issued under the three Acts. There are ongoing consultations to redesign regulations and notices under the Animal Products Act 1999 and the Wine Act 2003, with a view to further streamlining administrative procedures.[[199]](#footnote-199) The authorities indicate that the redesigned animal products and wine regulations are expected to come into effect from July 2022. To help develop a more consistent and fair approach to enforcement across the food safety system, the amendment also provides for extending some enforcement tools that initially existed in the Food Act (improvement notices, compliance orders, and penalties based on commercial gain) to the Animal Products Act and the Wine Act.

Among other changes brought about by the FSLR Act, it allows for use of automated electronic systems for issuing export certificates for food, plant, and animal products.[[200]](#footnote-200) In March 2020, regulations were issued requiring businesses to provide hazard identification and management information to the Ministry for Primary Industries (MPI) when applying to register a risk-based measure. The Act also enables the adoption of regulations to enhance traceability obligations and set recall requirements, including for annual simulated recalls.[[201]](#footnote-201) The authorities indicate that in December 2021, traceability and recall guiding documents were undergoing review to align with new trace and recall regulations expected to be issued in 2022. In this context, clarification has been provided through changes to primary legislation, regulations, and notices on the role of recognized agencies and recognized persons, as well as businesses subject to verification. Further, the role and responsibilities of the MPI were expanded to improve food safety responses, including contingency planning and being able to request information from third parties to inform risk assessments.

A National Policy Direction for Pest Management (NPD) was adopted and implemented in 2015. It provides for the development of instruments and measures that prevent, reduce, or eliminate the adverse effects of harmful organisms on the economy, the environment, and human health. The NPD also determines the framework for a balanced distribution of costs associated with the instruments and measures.[[202]](#footnote-202) Specifically, it aims to improve the quality and consistency of pest and pathway management plans. It sets out several requirements related to the descriptions of outcomes and programmes, costs-benefit analysis, and cost allocation between various stakeholders. The authorities note that this has resulted in a substantial improvement in the alignment and consistency of Regional Pest Management Plans between regions, and with National Pest Management Plans. It has also guided the development of the Fiordland Regional Marine Pathway Management Plan and the National Pathway Management Plan for the kiwifruit industry. The Minister for Biosecurity has overall responsibility for national pest or pathway management plans.

The MPI, through its various units, has the lead role in biosecurity protection, including to prevent outbreaks of pests and diseases in New Zealand. Biosecurity New Zealand was established in 2018 (Section 4.1). Its purpose is to prevent the spread of harmful organisms. It is in charge of managing compliance at the border as well as preparing for, and responding to, any biosecurity incursions that may occur. SPS New Zealand, which is also part of the MPI, is the Notification Authority and National Enquiry Point for the purposes of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement). From January 2015 to February 2022, New Zealand notified 172 new SPS measures to the WTO (regular and emergency measures), of which 45 were emergency measures affecting either all of its trading partners or geared towards specific Members. In 2018, specific trade concerns were raised with respect to New Zealand's draft import health standard for vehicles, machinery, and equipment in the SPS Committee. The authorities indicate that the trade issues raised on the measures for Brown Marmorated Stink Bug (BMSB) on used vehicles imported into New Zealand were resolved in late 2018, and that the measures remain in place and continue to manage the risk of BMSB.

The MPI has an established structure of charges for services it provides to individuals and companies in relation to, *inter alia*, biosecurity inspections and standards development.[[203]](#footnote-203) This also covers charges on importers for biosecurity clearance of imported goods and other related activities at the border. Fees and charges are regularly reviewed in consultation with those affected. During the review period, amendments were made to various regulations, including measures to:

* 1. introduce levies for recovering border processing costs in the context of the Biosecurity Act[[204]](#footnote-204);
  2. exempt specified substances from registration; and set fees, charges, and levies for application assessment in the context of the Agricultural Compounds and Veterinary Medicines Act; and
  3. include offences and infringement notices, dairy industry fees, charges and levies; and require risk management programme registration in the context of the Animal Products Act.

Under the Government Industry Agreement for Biosecurity Readiness and Response (GIA), New Zealand maintains a collaborative framework between the MPI and industries (including all major horticultural, aquaculture, and livestock sector groups) for improving New Zealand's biosecurity. GIA participants co-invest to better manage pests and diseases that could damage New Zealand's primary industries, economy, and environment.[[205]](#footnote-205) Food Standards Australia New Zealand (FSANZ) is responsible for setting food standards that govern the content and labelling of foods sold in both New Zealand and Australia.

All domestically produced and imported foods, and animal and plant products must comply with all aspects of the relevant acts and standards codes in New Zealand.

#### Food products

Food standards relating to labelling and composition are adopted in the context of the Joint Food Standards. These Standards consist of a common set of food composition and labelling rules developed by FSANZ[[206]](#footnote-206) and are adopted in both Australia and New Zealand. In addition, New Zealand has specific food requirements outside the scope of the joint system. These include rules on maximum residue limits for agricultural compounds in food; food hygiene and food safety provisions, including those for high-risk imported foods; details of materials permitted to be added to or used to produce food packaging materials; and export requirements relating to destination markets other than Australia. These standards set general safety and production requirements that must be met by food products. The Importing Food Notice (described below) sets additional requirements for imported foods that require clearance for entry into New Zealand.

The Food Act 2014, which replaced the Food Act 1981, was fully implemented between 2016 and 2019, and aims to, *inter alia*, provide an efficient, effective, and risk-based food safety regulatory regime that places the primary duty of persons who trade in food to ensure that it is safe and suitable. Under the Act and its relevant regulations, businesses that represent higher risk, from a food safety point of view, will operate under more stringent food safety requirements and are more frequently checked than lower risk food businesses. The Act itself sets out food sectors according to the risks posed by food, and the risk-based measure that applies. As such, it introduces, Food Control Plans (FCPs) for higher risk activities and National Programmes for lower risk activities. New Zealand Food Safety, a new unit created in 2018 within the MPI, and responsible for overseeing the food safety system, has developed a tool to help work out the food safety rules that apply to a given business or food activity. On completing the questions posed in the tool, a food business operator can print the plan or programme that applies to its business or activities.[[207]](#footnote-207)

In addition to the relevant provisions under the Food Act 2014, including the requirement to meet the Australia New Zealand Food Standards Code, imported and domestically produced foods must also meet applicable requirements under the Biosecurity Act 1993, the Animal Products Act 1999, the Agricultural Compounds and Veterinary Medicines Act 1997, the Wine Act 2003, and the Fair‑Trading Act 1986.

Pursuant to the Food Act 2014, the MPI uses a risk-based approach for managing the safety of imported foods. Imported foods are categorized according to the level of risk they present to the New Zealand consumer, in accordance with Food Regulations 2015 (the implementing regulations of the Food Act 2014). Foods that present an increased risk to human health are referred to as High Regulatory Interest (HRI) foods and always require food safety clearance. Foods for which there is uncertainty or concern about the risk they present to human health are called foods of Increased Regulatory Interest (IRI). Some IRI foods require food safety clearance. An Importing Food Notice is published on the MPI website and updated as required.[[208]](#footnote-208) According to the authorities, imported HRI or IRI foods are categorized based on a systematic and science-based process that involves the evaluation of the associated food safety risks and selection of appropriate risk management measures for managing any significant risks identified. Foods that require food safety clearance are listed in Schedules 1 (HRI foods) and 2 (IRI foods) (Tables 3.11 and Table 3.12). When imported food is required to be tested, the testing must be completed by an approved laboratory. The approved laboratories are listed in Schedule 3 of the Importing Food Notice.

Table 3.11 Food of High Regulatory Interest

| Column A: Food | | Column D:  Country or geographic region of export | Column E:  Evidence required |
| --- | --- | --- | --- |
| **Dairy:**  **Raw milk products** | | * European Union * United Kingdom * Switzerland | Official Certificate |
| **Dairy:**  **Fresh cheese, curd cheese and soft cheese (pasteurized)** | | * European Union * United Kingdom * Norway | Official Certificate or Sample and Test |
| All other countries | Sample and Test |
| **Fish:**  **Histamine susceptible fish and fish products** | | * Canada * European Union * United Kingdom * Norway * Thailand | Official Certificate or Sample and Test |
| All other countries | Sample and Test |
| **Fish:**  **Puffer fish** | | Korea, Rep. of | Official Certificate |
| **Fish:**  **Ready to Eat (RTE) smoked fish and smoke flavoured fish (chilled)** | | * Canada * European Union * United Kingdom * Thailand | Official Certificate or Sample and Test |
| All other countries | Sample and Test |
| **Meat:**  **Bovine meat and products containing bovine meat** | | Australia | Manufacturers Declaration |
| * Fiji * Thailand (NZ origin beef only) | Official Certificate |
| * Brazil * Canada * European Union * United Kingdom * Japan * Mexico * United States * Vanuatu | Official Certificate |
| **Meat:**  **Fermented meat products, meat paste and pâté** | | * European Union * United Kingdom | Official Certificate or Sample and Test |
| All other countries | Sample and Test |
| **Nuts and seeds:**  **Peanuts, and pistachio nuts and their products (including peanut butter)** | | * China * United States | Official Certificate or Sample and Test |
| All other countries | Sample and Test |
| **Nuts and seeds:**  **Tahini and crushed sesame seeds and any products containing these** | | All countries | Sample and Test |
| **Seafood:**  **Bivalve Molluscan Shellfish (BMS) and products containing BMS** | **Scallop meat – Whole adductor muscle with viscera and roe completely removed** | All countries |  |
| **All other BMS and products containing BMS** | * Australia * Canada * Chile * European Union * United Kingdom * Japan * Korea, Rep. of * Peru * Thailand * Viet Nam | Official Certificate or Sample and Test |
| United States | Documented Evidence |
| China | Sample and Test |
| **Seafood:**  **Ready to Eat (RTE) crustaceans – lobsters, crabs, bugs, shrimps and prawns and their products** |  | * Malaysia * Thailand * European Union * United Kingdom | Official Certificate or Sample and Test |
| All other countries | Sample and Test |
| **Spices:**  **Pepper, chilli and paprika** |  | All countries | Sample and Test |

Source: MPI (2021), *Food Notice: Importing Food*.

Table 3.12 Food of Increased Regulatory Interest

| Column A: Foods | Column D:  Country or geographic region of export | Column E: Evidence required |
| --- | --- | --- |
| **Frozen Berries** | All countries | Official Certificate |
| Sample and Test |
| All countries | Manufacturers Declaration |

Source: MPI (2021), *Food Notice: Importing Food*.

Foods that are not specified in Schedule 1 or 2 of the Notice do not require clearance under the Act. The authorities indicate that the safety of these foods is managed by ensuring that importers take reasonable steps to assess their safety and suitability, including their compliance with relevant New Zealand food standards, prior to their importation into New Zealand. In general, foods from Australia do not require food safety clearance, except for bivalve molluscan shellfish and products containing them, and bovine meat and meat products containing greater than 5% bovine meat.

HRI and IRI foods must be from a specific country or geographic region of export listed in Column D of Schedule 1 or 2 of the Notice. The notice also indicates, *inter alia*, the clearance requirements for the food, and the forms of evidence that the importer must provide to give assurance that food safety has been effectively managed. Regarding importers from other countries (not listed) that are willing to import HRI and IRI foods to New Zealand, the competent authority of the exporting country or geographical region informs the MPI of its interest in exporting a particular HRI food and requests for information regarding the import requirements. Exchanges between the two parties will determine whether New Zealand's requirements can be met by the exporting country or geographical region and official certification negotiated.

Not meeting the requirements of the Importing Food Notice may result in failure to obtain entry of the food into New Zealand, re-exportation or destruction of the product at the importer's cost, or suspension of an importer's registration.

In the context of the COVID‑19 pandemic, New Zealand authorities published guidance for workers in food service, food retail, and food manufacturing businesses in line with the World Health Organization's COVID‑19 and food safety advice. According to the authorities, these documents have been regularly updated as the COVID‑19 situation develops.

#### Animal and plant products

No major changes were introduced regarding animal and plant products since the previous review. Under the Biosecurity Act, animal and plant products cannot be imported into New Zealand, unless an import health standard (IHS) has been developed for that product. IHSs specify the biosecurity requirements that must be met for a product to be imported. According to the authorities, there are currently over 338 IHSs issued, with 16 having been drafted between 2015 and 2020. Of the 16 drafted since 2015, 4 are for plant germplasm, 7 for fruits or vegetables or flowers for consumption, and 5 for animal products. In addition to drafting new IHSs, the existing IHSs are continuously amended to manage emerging pest risks and improve market access conditions. Information on IHSs is regularly published online.[[209]](#footnote-209)

Risk analysis is the first stage in the development of an IHS. It involves the identification of potential pests and diseases associated with a product; the likelihood of entry and establishment in New Zealand; and the potential impacts on the economy, the environment, and human health. In the 2015-20 period, no IHS requests were denied due to economic, environmental, or health reasons. Proposed IHSs go through a public consultation before their adoption.

For some products (e.g. table eggs, uncooked chicken meat, honey), no IHS is in place, i.e. they cannot be imported as they do not meet the required sanitary standards. However, the authorities indicate that IHSs have been requested and are currently being worked under MPI's broader work programme.

In July 2017, following the discovery of *Mycoplasma bovis* (M. bovis), a bacterial infection, in cattle in New Zealand, the authorities declared a biosecurity response, whereby the Government and agricultural sector stakeholders decided to eradicate the disease. According to the authorities, the 10-year eradication programme has made positive progress towards the eradication of M. bovis from New Zealand. The focus of the programme is set to shift from finding the disease and clearing active confirmed properties (delimiting phase) to proof of absence surveillance to ensure absence of the disease. The latest report from the independent Technical Advisory Group for the M. bovis response recognizes the progress made by the Programme towards eradication. The report highlights that data from surveillance activities and genomic analysis suggest infection of M. bovis is not widespread, and that the rate of infection in the national herd is declining. As at mid-October 2021, the Programme had cleared 267 of the 271 total confirmed properties to date.

As part of the authorities' efforts to ensure a sound biosecurity framework for livestock, the National Animal Identification and Tracing (NAIT) Act 2012, which is fundamental to supporting responses to animal disease outbreaks, was amended in 2019. According to the authorities, the 2019 amendments were made to ensure the scheme is fit for future purpose and has since led to improvements in compliance with the scheme, enhancing traceability of cattle and deer in New Zealand.

#### Genetically modified organisms (GMOs)

GMOs are regulated through the Hazardous Substances and New Organisms (HSNO) Act 1996. Under the HSNO Act, all new organisms, including GMOs, are prohibited from importation, development, field testing, or release without formal approval from the Environmental Protection Authority (EPA), which is required to take into account various factors related to the potential risks and benefits of the proposal. These include environmental, economic, social, cultural, and public health considerations. The MPI ensures that the controls placed on new organism approvals by the EPA are complied with by enforcing the HSNO Act at the border and ensuring no unapproved GMOs material enters the country.[[210]](#footnote-210) Genetically modified foods must undergo a safety assessment and approval by FSANZ before being able to be imported into New Zealand and be labelled accordingly. According to the authorities, FSANZ is currently publicly consulting on a proposal to amend the definitions of "food produced using gene technology" and "gene technology" in the Australia New Zealand Food Standards Code. These definitions determine what foods are classified as genetically modified food under the Code.

### Competition policy and price controls

#### Competition policy

New Zealand's competition regime continues to be governed mainly by the Commerce Act 1986 (Commerce Act) as amended.[[211]](#footnote-211) The Commerce Act aims to promote competition in New Zealand markets for the long-term benefit of consumers. It prohibits anti-competitive behaviour (anti-competitive coordinated behaviour and unilateral conduct) as well as acquisition of assets of a business or shares if the acquisition is likely to lead to a substantial lessening of competition in a market. It applies broadly across the economy, including the public sector insofar as it engages in trade.[[212]](#footnote-212) In addition, the Commerce Act applies to persons residing or carrying out business in New Zealand who engage in anti-competitive conduct outside the country as long as this conduct affects a market in New Zealand.

The New Zealand Commerce Commission (Commerce Commission or NZCC) is an independent statutory body and is responsible for enforcing the Commerce Act. The Commerce Commission is primarily accountable to the Minister of Commerce and Consumer Affairs for its operational performance and outputs. Competition policy is determined mainly by the MBIE, though the Commerce Commission can sometimes provide advice on policy developments with a focus on the operational aspects of competition policy.[[213]](#footnote-213) Thus, there is a differentiation between the operational side and the policy side of competition regulation in New Zealand. Besides the Commerce Act, the Commerce Commission is also responsible for the implementation of various other industry‑specific regulatory regimes, including those set out under the Telecommunications Act 2001, the Dairy Industry Restructuring Act 2001, and the Fuel Industry Act 2020.

During the reporting period, the Commerce Act was amended several times. In 2017, amendments created a new regime governing cartels by categorizing cartel conduct into three different types: price‑fixing, restricting output, and allocating markets. These 2017 amendments also introduced:

* 1. A new exception to the general cartel prohibition, which permits a cartel provision in an agreement where the agreement involves a collaborative activity between two or more parties that does not have the dominant purpose of lessening competition. A clearance regime was also introduced, allowing a party proposing to enter into an agreement containing a cartel provision that is part of a collaborative activity to apply to the Commerce Commission for clearance.[[214]](#footnote-214)
  2. A new exception relating to the vertical supply of goods and services, where the relevant supply contract contains a cartel provision that does not have the dominant purpose of lessening competition.[[215]](#footnote-215)

Pursuant to further amendments in 2018, the Commerce Commission gained powers to conduct market studies as well as the right to accept enforceable undertakings[[216]](#footnote-216) to resolve competition concerns. The 2018 amendments also strengthened the regulatory regime for airports under Part 4 of the Commerce Act, by including a new inquiry process that may lead to further regulation of specified activities undertaken by airports.

In 2019, the Commerce Act was amended again to criminalize cartels. The penalty for an individual who has entered into or given effect to an arrangement containing a cartel provision and has intended to fix prices, restrict output, or allocate markets is up to seven years imprisonment, a fine of up to NZD 500,000, or both. For legal entities, the penalty is up to NZD 10 million.

In 2021, a new Bill amending the Commerce Act was introduced to the Parliament. The key proposed amendments relate to: (i) reforming the prohibition on taking advantage of substantial market power to adopt an "effects test"; (ii) repealing of provisions that shield some intellectual property arrangements from competition law scrutiny; (iii) increasing the penalties for anti‑competitive mergers; and (iv) making it easier for the Commerce Commission to share confidential information with domestic counterparts. The Bill is currently undergoing its final stage of scrutiny by Parliament in the Committee of the Whole House and will then be submitted to the Governor General for Royal Assent.

Market studies are an important part of competition policy in New Zealand. They can be initiated by the Minister of Commerce and Consumer Affairs or by the Commerce Commission itself. Such studies are carried out to identify factors that prevent, restrict, or distort competition in a given market. The results of a market study might confirm or refute the initial presumption that competition in the market under investigation is distorted. In case a distortion is identified, the Commerce Commission gives non-binding recommendations to which the Government is required to publicly respond. The Commerce Commission has so far completed the Retail Fuel Market Study, and is currently carrying out the Retail Grocery and Residential Building Supplies market studies. The final reports for the Retail Grocery and Residential Building Supplies market studies are due to be published by 8 March 2022 and 6 December 2022, respectively.[[217]](#footnote-217)

There is a voluntary merger notification system in New Zealand. The Commerce Commission has the power to clear a proposed merger if it is satisfied that the transaction is unlikely to have the effect of substantially lessen competition in a market in New Zealand. An anti-competitive business acquisition can likewise be voluntarily notified to the Commerce Commission, and authorized by it if the Commission finds that the resulting public benefits from the acquisition are likely to outweigh its anti-competitive effects. Firms can proceed with a merger without seeking clearance or authorization from the Commerce Commission. However, if the Commission finds that a non-notified completed merger is likely to have the effect of substantially lessening competition in a market, the Commission has the power to take enforcement action, including applying to the court for divestments and penalties against companies and individuals.

There are a number of ways by which the Commerce Commission may learn of non-notified mergers. The Commission has a comprehensive mergers surveillance programme by which it proactively gathers information about announced and completed mergers. It can also react to information provided by: (i) counsel acting for parties to a merger (who may send the Commission an informal courtesy letter advising of a proposed merger for which clearance is not proposed to be sought); and/or (ii) external parties (including customers, suppliers, competitors, and industry bodies) that alert the Commission to an announced or completed merger.[[218]](#footnote-218) The Commission is not required to check all non-notified mergers or to examine a specific number each year. However, priority is given to enforcement investigations into mergers that could substantially lessen competition, where an application for clearance or authorization has not been made.[[219]](#footnote-219)

Due to the situation created by the COVID‑19 pandemic, in March 2020 the Commerce Commission announced that it would not take enforcement action under the Commerce Act against businesses that cooperated to ensure an uninterrupted supply of essential goods and services during the COVID‑19-related restrictions. Further guidance was issued, explaining the treatment of business collaboration during the COVID‑19 period.[[220]](#footnote-220)

Some sectors of the economy still suffer from limited competition. For example, the study on retail fuel markets showed that: (i) the main problem is at the wholesale market level; (ii) firms in the fuel market are making higher profits than would have been expected in a competitive environment; and (iii) there are differences in fuel prices in different regions. Consequently, the Commerce Commission made recommendations based on which the Government decided to introduce the Fuel Industry Act 2020[[221]](#footnote-221), aimed at increasing competition in the market for retail fuel.

Another sector with competition challenges was found to be the retail grocery sector. The Commission's market study made preliminary findings that the prices of groceries are higher in New Zealand when compared to international standards, and the two main retailers consistently make high profits. In addition, little innovation was observed in the sector. It also outlines a range of remedial options in the Commission's draft report, *inter alia*, to simplify pricing policies, make the conditions for loyalty programmes clearer, make more land available for new grocery stores to be opened, and increase access to wholesale markets for a wide range of retailers.[[222]](#footnote-222)

To increase competition in the electricity market, New Zealand's electricity market regulator has banned retailer-initiated saves (where an electricity retailer tries to persuade a customer not to switch providers) and win-backs (where an electricity retailer tries to win back a customer after they have switched providers).[[223]](#footnote-223)

##### Enforcement

Enforcement of competition policy provisions is carried out by the Commerce Commission and the courts. The Commerce Commission has investigative powers under Sections 98, 98A, and 99 of the Commerce Act pursuant to which it can, *inter alia*, request information or documents, search any premises mentioned in the warrant, and take evidence.

In 2018, the Commerce Commission adopted Competition and Consumer Investigation Guidelines under which investigations are to be carried out in an impartial, objective, and fair manner.[[224]](#footnote-224) Information about potential violations may be received from different sources, such as complaints, the media, a referral from other authorities, as part of another Commission process (e.g. assessment of a merger clearance application), or the Commission's own intelligence, research, and analysis. After the completion of an investigation, decisions might be taken on court action, enforceable undertakings, settlement, a warning, an infringement notice, or a compliance advice letter. The person or legal entity that has violated competition norms can be required by the court to pay penalties and, in the case of anti-competitive mergers, sell assets or shares. Data on competition enforcement during 2016-20 are shown in Table 3.13.

Table 3.13 Data on competition enforcement, 2016-20

|  | **2016** | **2017** | **2018** | **2019** | **2020** |
| --- | --- | --- | --- | --- | --- |
| **1 Initiation of case investigations (number)** |  |  |  |  |  |
| a) Cases concerning anti-competitive agreements (coordinated behaviour) | 6 | 8 | 4 | 3 | 4 |
| b) Cases concerning abuse of dominance (unilateral conduct) | 1 | 2 | 0 | 1 | 0 |
| c) Leniency applications received | 4 | 5 | 5 | 6 | 7 |
| d) Merger clearance applications investigated | 14 | 7 | 9 | 9 | 11 |
| e) Merger authorization applications investigateda | 0 | 1 | 0 | 1 | 0 |
| f) Merger enforcement investigations investigated | 0 | 5 | 5 | 3 | 2 |
| **2 Completed cases (number)** |  |  |  |  |  |
| a) Anti-competitive investigations | 7 | 6 | 6 | 1 | 4 |
| b) Abuse of dominance investigations | 1 | 1 | 2 | 1 | 0 |
| c) Settlements | 1 | 2 | 0 | 1 | 4 |
| d (i) Merger clearance applications decided | 12 | 7 | 9 | 11 | 9 |
| d (ii) Merger authorization applications decided | 1 | 1 | 0 | 1 | 0 |
| d (iii) Merger clearance and authorisation applications approved or not challenged | 13 | 4 | 11 | 14 | 11 |
| d (iv) Merger clearance and authorisation applications declined or withdrawn (not approved) | 1 | 5 | 3 | 1 | 0 |
| f) Merger enforcement investigations decided | 1 | 1 | 7 | 4 | 2 |
| f (i) Merger enforcement investigations with outcome of NZCC challenging merger in the court | 0 | 0 | 2 | 1 | 0 |
| **3 Infringement penalties**  **(number / NZD)** | 3 /  4.855 MM | 2 /  16.780 MM | 1 /  1.05 MM | 2 /  4.225 MM | 2 /  0.794 MM |
| **4 Appeals (completed)** | 1 | 2 | 2 | 0 | 1 |

Note: MM = million.

a Authorizations in the merger context relate to parties seeking the approval of the Commission for mergers that would likely have the effect of substantially lessening competition in a market and may not ordinarily receive merger clearance on that basis. The test for authorizations is the public benefit test.

Source: Information provided by the authorities.

##### International cooperation

New Zealand continues to cooperate bilaterally with overseas competition authorities (Table 3.14) as well as multilaterally in international frameworks such as the International Competition Network (ICN) and the Competition Committee of the OECD. The Multilateral Mutual Assistance Framework for Competition Authorities enables competition authorities in Australia, Canada, the United Kingdom, the United States, and New Zealand to share intelligence, case theories, and investigative techniques to better coordinate investigations across borders. The Competition Commission has also signed an MOU with New Zealand Police on issues pertaining to investigations.[[225]](#footnote-225)

Table 3.14 Signed bilateral agreements/arrangements on competition issues, 2016-21

| **Agreement / Arrangement type** | **Parties / Participants** | **Year** |
| --- | --- | --- |
| Cooperation Arrangement (information sharing and investigative assistance) | New Zealand Commerce Commission and Commissioner of Competition (Canada) | 2016 |
| Multilateral Mutual Assistance and Cooperation Framework for Competition Authorities (MMAC)a | New Zealand Commerce Commission, Australian Competition and Consumer Commission, Competition Bureau of the Government of Canada, the UK Competition and Markets Authority, the U.S. Department of Justice, and U.S. Federal Trade Commission | 2020 |

a As informed by the authorities, the MMAC supports coordinated and informal cooperation and assistance, including cooperation on investigations, work on joint projects, and interagency training initiatives.

Source: Information provided by the authorities.

Competition chapters are also found in most RTAs signed by New Zealand during the reporting period (Table 3.15). Competition chapters are included to ensure that the benefits of the agreement are not undermined by anti-competitive practices as well as to give greater certainty and transparency for New Zealand businesses operating in partner countries. In general, competition chapters recognize the importance of promoting and maintaining competition regulations that enhance economic efficiency and consumer welfare. As such, they usually include provisions on transparency, cooperation, and capacity-building.

Table 3.15 Summary of RTAs with competition chapters signed, 2016-21

| **RTA** | **Competition chapter: brief overview** |
| --- | --- |
| New Zealand-Korea FTA | Transparency; existence of and cooperation and coordination between competition authorities; rules on consultation and exchange of information; and technical cooperation between authorities. |
| Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) | Adoption or maintenance of laws proscribing fraudulent and deceptive commercial activities that may distort competition; existence of an enforcement authority; rules on procedural fairness; transparency and cooperation; and experience and information sharing.[[226]](#footnote-226) |
| New Zealand-Singapore Comprehensive Economic Partnership (CEP) Upgrade | Application and enforcement of competition laws and regulations in a manner that does not discriminate on the basis of nationality; procedural rights for persons or entities subject to sanction; cooperation and capacity-building. |
| Digital Economy Partnership Agreement (DEPA) | Technical cooperation activities, including exchanging information and experiences on development of competition policies in the digital markets; sharing best practices on promotion of competition in digital markets; providing advice or training, including through the exchange of officials; cooperation in the area of law enforcement in digital markets. |
| Regional Comprehensive Economic Partnership (RCEP) | Adoption or maintenance of competition enforcement authorities and competition laws and regulations to proscribe anti-competitive activities; application of laws in a manner that does not discriminate on the basis of nationality; transparency and cooperation; technical cooperation. |
| New Zealand-China Free Trade Agreement Upgrade | Act consistently with the principles of transparency, non‑discrimination and procedural fairness in the enforcement of competition laws; transparency and cooperation; independence of competition authorities. |

Source: Information provided by the authorities.

#### Price controls

Price controls are regulated under Part 4 of the Commerce Act. The Commerce Commission sets price and quality controls to regulated businesses from raising prices or reducing quality beyond levels expected in competitive markets. Price controls also allow for a customized approach if in the long-term interests of consumers (e.g. Powerco, Wellington Electricity). These controls are used in relation to 4 gas pipeline businesses (distribution and transmission), 17 electricity distribution businesses (EDBs), and the sole electricity transmission business (Transpower).

Chorus, a publicly listed company, is also regulated under the Telecommunications Act. According to the authorities, this is done to create incentives for Chorus to act in the best interests of consumers and promote competition in telecommunications markets. One of the types of price controls used for Chorus is a revenue cap.

### State trading, state-owned enterprises, and privatization

According to New Zealand's latest notification pursuant to the provisions of Article XVII:4(a) of the GATT 1994 and paragraph 1 of the Understanding on the Interpretation of Article XVII, Zespri Group Limited (Zespri) remains the only state trading enterprise in operation in New Zealand.[[227]](#footnote-227) Zespri has an automatic, but not exclusive, right to export kiwifruit from New Zealand to overseas markets other than Australia. Under the Kiwifruit Export Regulations 1999, private traders can engage in exporting kiwifruit to markets other than Australia in collaboration with Zespri, subject to authorization by Kiwifruit New Zealand, an independent regulatory body. There is no need for private traders to seek for such authorization to export kiwifruit to Australia. The Commerce Commission regulates markets where there is little or no competition (Section 3.3.4).[[228]](#footnote-228)

The Government maintains equity shares in 50 enterprises in different economic sectors. Table 3.16 shows an illustrative list of firms with state participation. According to the authorities, government-owned enterprises generally operate in competitive markets. The Treasury reviews the performance of these government-owned enterprises that may have full or partial commercial objectives. Collectively, these enterprises employ over 37,000 people and, as at 2021, held assets of around NZD 231 billion.[[229]](#footnote-229)

Table 3.16 Illustrative list of firms with state participation, 2021

| Description |
| --- |
| Autonomous Crown entities  Government Superannuation Fund Authority  Guardians of New Zealand Superannuation  New Zealand Infrastructure Commission/Te Waihanga  New Zealand Lotteries Commission  Public Trust |
| Council-controlled trading organizations  Christchurch International Airport Limited  Dunedin International Airport Limited  Hawke's Bay Airport Limited |
| Crown agents  Accident Compensation Corporation  Earthquake Commission  Kāinga Ora – Homes and Communities |
| Crown entity companies  Crown Irrigation Investments Limited  New Zealand Growth Capital Partners Limited  Radio New Zealand Limited  Television New Zealand Limited |
| Crown research institutes  AgResearch Limited  Institute of Environmental Science and Research Limited  Institute of Geological and Nuclear Sciences Limited  Landcare Research New Zealand Limited  National Institute of Water and Atmospheric Research Limited  New Zealand Forest Research Institute Limited  The New Zealand Institute for Plant and Food Research Limited |
| Independent Crown entities  New Zealand Productivity Commission |
| Mixed Independent Crown entities  Genesis Energy Limited  Mercury NZ Limited  Meridian Energy Limited |
| Public Finance Act Schedule 4A Companies  City Rail Link Limited  Crown Asset Management Limited  Crown Infrastructure Partners Limited  Education Payroll Limited  The Network for Learning Limited  New Zealand Green Investment Finance Limited  Ngāpuhi Investment Fund Limited  Ōtākaro Limited  Predator Free 2050 Limited  Provincial Growth Fund Limited  Research and Education Advanced Network New Zealand Limited  Southern Response Earthquake Services Limited  Tāmaki Redevelopment Company Limited |
| State-owned enterprises  Airways Corporation of New Zealand Limited  Animal Control Products Limited  AsureQuality Limited  Electricity Corporation of New Zealand Limited  KiwiRail Holdings Limited  Kordia Group Limited  Landcorp Farming Limited  Meteorological Service of New Zealand Limited  New Zealand Post Limited  New Zealand Railways Corporation  Quotable Value Limited  Transpower New Zealand Limited |
| Other  Air New Zealand Limited (Listed company)  National Provident Fund (Statutory corporation)  Local Government Funding Authority |

Source: Information provided by the authorities.

### Government procurement

New Zealand's spending on government procurement contracts amounted to approximately 20% of GDP in 2020. Government spending on goods, services, and works was estimated at NZD 51.5 billion in 2020, compared with NZD 30.0 billion in 2016 and NZD 42.0 billion in 2017.[[230]](#footnote-230)

New Zealand joined the WTO Agreement on Government Procurement (GPA 2012) in August 2015, thus opening GPA-covered procurement markets to competition from suppliers from other GPA Parties. During the reporting period, almost NZD 24 billion was spent on GPA‑covered procurement of goods, services, and works. Details can be found in Table 3.17.

Table 3.17 Government procurement in New Zealand, 2015-20

(NZD million)

|  | **Level** | **Total value of procurement (GPA-covered and non-covered)** | **GPA-covered procurement** | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Total value** | **Awarded under open and selective tendering** | | **Awarded under limited tendering** | |
| **Total value** | **Ratio** | **Total value** | **Ratio** |
| 2015 | Central government |  | 126 | 108 | 86% | 18 | 14% |
| Sub-central government |  | 25 | 25 | 99% | 0.4 | 1% |
| Other |  | 92 | 92 | 100% | - | 0% |
| Total | 30,000 | 243 | 225 | 93% | 18 | 7% |
| 2016 | Central government |  | 4,732 | 4,459 | 94% | 273 | 6% |
| Sub-central government |  | 692 | 464 | 67% | 228 | 33% |
| Other |  | 384 | 379 | 99% | 5 | 1% |
| Total | 30,000 | 6,295 | 5,302 | 91% | 506 | 9% |
| 2017 | Central government |  | 1,102 | 829 | 75% | 273 | 25% |
| Sub-central government |  | 3,417 | 3,366 | 99% | 51 | 1% |
| Other |  | 2,180 | 2,157 | 98% | 23 | 2% |
| Total | 42,000 | 6,699 | 6,352 | 94% | 347 | 6% |
| 2018 | Central government |  | 1,076 | 808 | 75% | 267 | 25% |
| Sub-central government |  | 1,861 | 1738 | 93% | 123 | 7% |
| Other |  | 2,567 | 2,465 | 96% | 102 | 4% |
| Total | 42,000 | 5,504 | 5,011 | 91% | 492 | 9% |
| 2019 | Central government |  | 1,400 | 851 | 61% | 548 | 39% |
| Sub-central government |  | 2,014 | 1730 | 86% | 284 | 14% |
| Other |  | 2,866 | 2,589 | 90% | 277 | 10% |
| Total | 42,000 | 6,280 | 5,170 | 82% | 1109 | 18% |
| 2020 | Central government |  | 1,683 | 1,064 | 63% | 618 | 37% |
| Sub-central government |  | 611 | 255 | 42% | 356 | 58% |
| Other |  | 461 | 407 | 88% | 54 | 12% |
| Total | 51,500 | 2755 | 1726 | 63% | 1028 | 37% |

- Nil.

Note: 1. Data on the total value of procurement (GPA covered and non-covered) by type of entity is not centrally collected. Total government procurement spend is calculated approximately every three years but is not disaggregated into central, subcentral, and other entities.

2. Data for 2015 and 2016 were drawn from tender notices published in the Government Electronic Tenders Service (GETS). Specific contract values were used where possible; however, some values were estimated based on the mid-point of the price band indicated by the entity.

3. 2015 values represent a partial year only (August to December), as New Zealand's GPA accession was effective from 15 August 2015.

4. Data for 2017, 2018, and 2019 were obtained from contract award notices as recorded by government entities in GETS, except for information from the New Zealand Land Transport Agency, which was supplied separately.

5. Data for 2020 were obtained from contract award notices as recorded by government entities in GETS. Information from the New Zealand Land Transport Agency (relevant to the totals for sub‑central government and other entities) is not yet available.

Source: Information provided by New Zealand, including in its notifications of procurement statistics to the Committee on Government Procurement.

The government procurement system is governed by the so-called five principles[[231]](#footnote-231), the Government Procurement Charter, the Government Procurement Rules, and the related good practice guidance.[[232]](#footnote-232) The five principles comprise the following overarching values underpinning government procurement processes: (i) plan and manage for great results; (ii) be fair to all suppliers; (iii) get the right supplier; (iv) get the best deal for everyone; and (v) play by the rules. The Charter sets out expectations for how government procurement should be carried out to achieve public values, such as creating opportunities for local businesses to participate in government procurement, looking for new and innovative solutions, and engaging with businesses with good employment practices. Related guidance provides additional advice on an end-to-end approach to strategic procurement as well as on specific areas of the procurement process, such as managing conflict of interest and managing insider risks.

The Government Procurement Rules, which regulate different phases of the procurement process from planning to the contract award, are mandatory for government departments, the New Zealand Police, the New Zealand Defence Force, and most of the Crown entities.[[233]](#footnote-233) All other government agencies are encouraged but not obliged to follow the Rules.

Updated Government Procurement Rules came into effect on 1 October 2019. One of the main amendments is the introduction of the so‑called broader outcomes: secondary social, economic, or cultural benefits "generated from the procurement activity".[[234]](#footnote-234) Currently, there are four broader outcomes to be considered by procuring entities in their procurement strategies, individual procurement procedures, and at the contract management stage:

increased access for New Zealand businesses.[[235]](#footnote-235) Related to this outcome is a progressive procurement approach to increase the diversity of government suppliers, starting with Māori businesses. This includes a requirement that at least 5% of the total number of mandated government agencies' procurement contracts (including contracts above the GPA thresholds) must be awarded to Māori businesses;

enhancement of construction skills and training;

improvement of conditions for New Zealand workers; and

reduction of emission and waste.[[236]](#footnote-236)

Additional context and guidance primarily linked with the broader outcomes have been added to the new version of the Rules from 2019. These include but are not limited to: (i) New Zealand may adopt measures that it deems necessary to accord favourable treatment to the Māori, provided that such measures are not used as a means of arbitrary or unjustified discrimination or as a disguised restriction on trade in goods, trade in services, and investment[[237]](#footnote-237); (ii) procuring entities are encouraged to engage more with local businesses, especially with social enterprises and Māori, Pasifika, and regional businesses, in case of procurement below domestically defined thresholds; and (iii) procuring entities must require their suppliers to ensure and demonstrate that they, and their domestic supply chain, comply with all relevant employment standards and health and safety requirements.[[238]](#footnote-238) In addition, a new Rule requiring procuring entities to pay the contractor's fees promptly has been added.

In May 2021, two new Rules were approved by the Cabinet. Rule 12A allows the declaration of national, regional, or sectoral procurement response measures, including measures in response to a social, economic, or environmental crisis that follows an emergency period or that is not otherwise an emergency situation. Such measures must be consistent with New Zealand's international commitments on government procurement. Moreover, Rule 18A requires procuring entities to consider ways in which they can create quality employment opportunities.

The Government Electronic Tenders Service (GETS) is an e-procurement platform where procuring entities are required to list contract opportunities, in addition to providing access to all relevant procurement documentation. GETS does not cover the whole procurement process from budgeting and planning to contract management and payment but allows for publication of procurement opportunities and receipt of tenders. The service is free of charge. New Zealand also undertook commitments under the Open Government Partnership and National Action Plan 2018‑2020 to publish procurement-related data in an open format.[[239]](#footnote-239)

New Zealand has several types of Special Purchasing Arrangements, such as: (i) a Panel of Suppliers – contracts entered into with suppliers that have been approved as capable of delivery and that have agreed to the terms and conditions of supply[[240]](#footnote-240); (ii) All-of-Government Contracts, i.e. supply agreements with approved suppliers for selected common purchased goods or services across the Government[[241]](#footnote-241); (iii) Syndicated Contracts, which typically involve a group of entities aggregating their respective needs and procuring collectively; and (iv) Common Capability Contracts (CCs), which establish various supply agreements with approved suppliers for selected common goods, services or works purchased across government. CCs can be either mandatory or voluntary, and an administrative fee or a levy may be charged for their use. The All-of-Government Contracts are mandatory for Public Service Departments, New Zealand Police, New Zealand Defence Force, Crown agents, Independent Crown entities, Autonomous Crown entities, Crown entity companies, and Public Finance Act Schedule 4A companies, and are voluntary for other procuring entities. The Panel of Suppliers and Syndicated Contracts are voluntary for all procuring entities.

New Zealand Government Procurement (NZGP) is the central purchasing body of New Zealand. It is tasked with setting up All-of-Government Contracts for commonly used goods and services, providing policy advice to the Government, developing procurement capability, and providing advisory and hands-on support for procuring entities.

Aggrieved suppliers can complain to the respective procuring entity if they believe that they have been treated unfairly, and entities have an obligation to respond to and treat the complaint fairly. If the supplier is still not satisfied after consultations with the procuring entity, it has several options of redress, such as an independent review or investigation; a mediation or alternative dispute resolution; an investigation by the Auditor-General; an investigation by the Ombudsman, the State Services Commission, or the Commerce Commission; and court review. The aggrieved suppliers are free to choose a forum for launching the complaint.

#### Thresholds and exemptions

The Rules in general apply to:

* 1. procurement of goods or services or refurbishment works, or a combination of goods or services or refurbishment works, when the maximum total estimated value of the procurement equals or exceeds the value threshold of NZD 100,000 (excluding GST); and
  2. procurement of goods or services or new construction works, when the maximum total estimated value of the procurement equals or exceeds the value threshold of NZD 9 million (excluding GST).

However, as the Rules set out best practices, they can also be used for below-threshold procurement procedures.

Procuring entities have the possibility to opt out of the Rules in specific cases, including procurement between two procuring entities, procurement related to international development, and military and essential security interests. Nevertheless, even in the event of an opt‑out, the procuring entities have to follow the Principles and good practice guidance.

In case the procurement value is above the threshold, the procuring entity needs to openly advertise the government procurement opportunities in GETS. Other media can also be used. The Rules allow for exemptions from the requirement to openly advertise in cases of emergency, where there is only one supplier in the market, and where conditions are exceptionally advantageous for the procuring entity. In such cases, procuring entities can choose to use either a closed competitive process (with a limited number of known suppliers by using a Request for Quote, Request for Tender, or Request for Proposal) or direct sourcing (with a known supplier by using a Request for Quote, Request for Tender, or Request for Proposal). Procuring entities cannot exempt a procurement from open advertising to: (i) avoid competition; (ii) protect domestic suppliers; or (iii) discriminate against any domestic or international supplier. In addition, such exempted procurement still needs to comply with other applicable Rules.

#### International cooperation

During the reporting period, New Zealand concluded several RTAs. Of these, the New Zealand-Korea FTA, the New Zealand-Singapore CEP Upgrade, and the CPTPP contain government procurement chapters envisaging transparency requirements as well as mutual access to government procurement markets. The New Zealand-China Free Trade Agreement Upgrade contains provisions on transparency and anti-corruption as well as a commitment by China to enter into negotiations with New Zealand once it completes its accession to the GPA or if it were to negotiate such provisions with another country. The Digital Economy Partnership Agreement (DEPA) contains a provision recognizing that the digital economy will have an impact on government procurement. The government procurement chapter of the RCEP is mainly concerned with transparency and cooperation in the area of government procurement.

### Intellectual property rights

#### Overview

Intellectual property (IP) rights are of considerable economic importance to New Zealand. Trade receipts from IP royalties and licensing fees grew by 125% between 2015 and 2020, amounting to just over USD 825 million in 2020.[[242]](#footnote-242) During the same period, New Zealand's trade deficit narrowed considerably, although it remains a net importer of IP (Chart 3.4).

The institutional framework of New Zealand's IP regime did not change during the review period. The Ministry of Business, Innovation and Employment (MBIE) leads the development of IP policy and legislation. The Intellectual Property Office of New Zealand (IPONZ), an operational arm of the MBIE, registers and grants IP rights, with the exception of copyright and layout design rights, which vest automatically upon creation. The Plant Variety Rights (PVR) Office, which is part of IPONZ, is in charge of applications for plant variety registration. The Ministry of Foreign Affairs and Trade (MFAT), in conjunction with the MBIE, negotiates and develops IP chapters in international agreements and represents New Zealand in other international discussions related to IP.

Chart 3.4 Charges for the use of intellectual property, n.i.e., 2015-20[[243]](#footnote-243)



Source: Stats NZ. Viewed at: <https://www.stats.govt.nz/information-releases/balance-of-payments-and-international-investment-position-year-ended-31-march-2021>.

Table A3.2 summarizes the substantive laws addressing each main type of IP right. Several IP laws were the subject of amendments during the review period, as discussed in the relevant sections below.[[244]](#footnote-244) Perhaps most significantly, the Geographical Indications (Wine and Spirits) Registration Act 2006 took effect in 2017. More changes are expected in the near term: a new regime for the protection of PVRs is expected to enter into force in 2022; the MBIE is drafting an omnibus Intellectual Property Laws Amendment Bill, which would make technical amendments to the Patents Act 2013, Trade Marks Act 2002, Designs Act 1953, and their associated regulations[[245]](#footnote-245); and the Government launched an ongoing review of New Zealand's copyright regime in 2017, which may be impacted by a new FTA with the United Kingdom, signed on 28 February 2022.

#### Policies on promotion and commercialization of innovation

The Government has been developing a Research, Science and Innovation (RSI) Strategy since 2018.[[246]](#footnote-246) At the end of October 2021, it launched further consultations on the RSI system.[[247]](#footnote-247) Innovation, namely "developing New Zealand as a hub for high-value, knowledge‑intensive business conducting more R&D", was among the six key focus areas of the Government's Business Growth Agenda 2015/16.[[248]](#footnote-248) In 2014, approximately two thirds of New Zealand's R&D expenditures were on manufacturing, primary industries, ICT, health, and environment.[[249]](#footnote-249) Although New Zealand's gross domestic expenditure on R&D (GERD) increased from 1.23% of GDP in 2015 to 1.41% in 2019, it remains low by OECD standards. The proportion of New Zealand's R&D that is government‑financed is, however, higher than the OECD average.[[250]](#footnote-250) The OECD estimates that low levels of R&D investment could account for approximately 40% of the productivity gap between New Zealand and the OECD average.[[251]](#footnote-251) The Government aims to increase total R&D spending to 2% of GDP by 2027. In an effort to boost private sector R&D, it introduced a 15% R&D tax credit in 2019[[252]](#footnote-252), and subsequently enhanced its refundability to allow loss-making and pre-profit businesses to receive the benefit in cash.[[253]](#footnote-253)

New Zealand has eight universities, seven Crown Research Institutes (CRIs), and a number of independent research organizations that undertake publicly funded research.[[254]](#footnote-254) A recent IPONZ study found that 8% of domestic patent activity in New Zealand comes from its universities and CRIs, which are sources of high-quality commercializable technology that is often patented to facilitate technology transfer (licensing).[[255]](#footnote-255) Despite low levels of investment relative to other small advanced economies, New Zealand's researchers have made an impact in their academic fields, as measured by their publication and citation rates.[[256]](#footnote-256)

The National Statement of Science Investment 2015-2025 provides the long-term vision and strategic direction for New Zealand's public investments in science.[[257]](#footnote-257) The MBIE, in collaboration with other agencies, including Callaghan Innovation (CI), the Health Research Council, and the Royal Society of New Zealand, coordinates contestable funding rounds to support investments in over a dozen different funds, schemes, networks, initiatives, and fellowships, including: (i) the Commercialisation Partner Network, which builds the capability to turn publicly funded scientific research into commercially viable products; and (ii) the PreSeed Accelerator Fund, which provides project funding for early stage technology commercialization activities.[[258]](#footnote-258)

CI is a stand-alone Crown Entity whose mission is to help domestic businesses commercialize their innovations. It offers a range of services and tailored programmes, including access to experts, technology and product development, innovation skills, business collaborations, and R&D grants and loans to promote business growth.[[259]](#footnote-259) Although CI assists businesses at all stages, it offers specialized programmes for start-ups. Founder Incubators, in place since 2001, help accelerate the path to market for founder-focused start-ups by providing core business support and networking services for entrepreneurs. Technology Incubators, initially launched as a pilot programme in 2014 with public and private funding, operate with a market-based, profit-driven focus and work with IP‑intensive firms to identify commercially viable IP‑based ideas or technology around which to build a business.[[260]](#footnote-260) CI also funds three- to five-month Accelerator programmes that offer mentoring, coaching, and business support focused on rapid and intensive product development to establish investment-ready start-ups.[[261]](#footnote-261) Once a business is ready to expand internationally, it can benefit from the assistance of New Zealand Trade and Enterprise (NZTE), New Zealand's international business development agency.[[262]](#footnote-262) The NZTE's International Growth Fund assists firms with the potential to contribute to New Zealand's long‑term economic growth by supporting efforts to acquire key capabilities for business growth (Section 3.2.4).[[263]](#footnote-263)

IPONZ has also undertaken to increase IP awareness among the estimated 10,000 new small to medium-size businesses and start-ups launched each year that do not register their IP. It launched online campaigns that leverage social media and created IP cards for small business road shows. A new Trade Mark Check website tool was designed specifically to assist small businesses and non‑IP experts quickly determine, with the aid of deep‑learning artificial intelligence technology, whether a brand name or logo is already registered.[[264]](#footnote-264) IPONZ also provides a number of online resources to assist businesses in capturing, protecting, and managing their IP, and avoiding conflicts with the rights of others.[[265]](#footnote-265)

#### International context

New Zealand has been a member of the World Intellectual Property Organization (WIPO) since 1984 and is signatory to 14 WIPO‑administered treaties.[[266]](#footnote-266) During the review period, it acceded to four of them: (i) the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure; (ii) the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (WIPO Marrakesh Treaty); (iii) the WIPO Copyright Treaty; and (iv) the WIPO Performances and Phonograms Treaty. New Zealand also acceded to the Paris Act (1971) of the Berne Convention for the Protection of Literary and Artistic Works during the review period. New Zealand has been a party to the 1978 Act of the International Convention for the Protection of New Varieties of Plants (UPOV Convention) since 1981, and the Convention on Biological Diversity since 1993. The Protocol Amending the TRIPS Agreement entered into force for New Zealand on 23 January 2017.

New Zealand is also party to a range of bilateral, regional, and multilateral instruments, including RTAs, investment treaties, framework agreements, memoranda of understanding, and cooperation agreements that address IP. IP provisions are included in most of New Zealand's FTAs. The CPTPP, which entered into force during the review period, and the RCEP, which was signed during the review period, both contain lengthy IP chapters and high levels of protection*.* The New Zealand-Korea FTA, which entered into force at the end of 2015, also contains a chapter on IP, and includes specific commitments concerning the protection of trademarks, copyright, and related rights, technological protection measures and electronic rights management information, and enforcement. New Zealand has continued to collaborate on IP matters with the Association of Southeast Asian Nations; Australia; China; Hong Kong, China; Malaysia; Singapore; and Thailand in the context of FTAs and EPAs in force with those countries.[[267]](#footnote-267)

New Zealand signed a new FTA with the United Kingdom on 28 February 2022. The FTA, if it enters into force as planned by the end of 2022, would oblige New Zealand to make certain changes to its copyright system, including a 20-year extension of the copyright term for authors, performers, and producers (so that current protections of life plus 50 years would become life plus 70 years and current protections of 50 years would become 70 years); the introduction of an artist resale right scheme; and expanded rights for performers. It would also commit New Zealand to make all reasonable efforts to join the WIPO Hague Agreement Concerning the International Registration of Industrial Designs.[[268]](#footnote-268)

IPONZ continues to strengthen its links to other IP offices, particularly those of key partners in the United Kingdom, Singapore, Australia, Canada, Japan, China, and Fiji. In 2017, IPONZ joined the Global Patent Prosecution Highway (GPPH) pilot programme, which permits patent applicants to request expedited examination on the basis that one or more claims in the application have been deemed allowable by another of the 27 participating GPPH IP offices.[[269]](#footnote-269) New Zealand also collaborates with its regional neighbours on IP matters in the APEC Intellectual Property Rights Expert Group.[[270]](#footnote-270)

#### Genetic resources, traditional knowledge, and folklore

The protection, use, and guardianship of mātauranga Māori (Māori knowledge system) and other tāonga (tangible and intangible Māori treasures), including the relationships of the Māori indigenous people of New Zealand with the flora and fauna of New Zealand, are important considerations in the evolution of New Zealand's IP system. New Zealand's current patent and trademark regimes include provisions designed to prevent the registration of trademarks or granting of patents that would be considered offensive by Māori or contrary to Māori values. IPONZ may refer an application for a trademark, geographical indication (GI), design, or patent to a Māori Advisory Committee for advice, which the Commissioner has discretion to follow. In 2014, the Māori tribe Ngāti Toa Rangatira obtained, through legislation, an attribution right in relation to the haka *Ka Mate*, a traditional war dance.[[271]](#footnote-271)

During the review period, the Government pursued a "whole of government", Te Pae Tawhiti, approach to addressing issues raised and recommendations made in the 2011 Waitangi Tribunal[[272]](#footnote-272) Wai 262 report *Ko Aotearoa Tenei*[[273]](#footnote-273) on claims that the Government had failed to adequately protect mātauranga Māori and other tāonga. The Government and Māori are working together to address the protection, use, and development of mātauranga Māori and other tāonga, and in doing so, delivering enduring economic, social, environmental, and cultural benefits for Aotearoa New Zealand.[[274]](#footnote-274)

The Plant Variety Rights Bill[[275]](#footnote-275) pending in Parliament, in line with the Waitangi Tribunal's recommendations[[276]](#footnote-276), proposes establishing a Māori Advisory Committee. The Committee would be empowered to, among other things, assess and determine whether a PVR, if granted, could have an adverse effect on the kaitiaki (guardian) relationship with the indigenous plant variety or a non‑indigenous plant variety of significance that is the subject of a PVR application, and, if so, decline registration of the PVR. As part of its review of the Copyright Act 1994, the Government is considering the Waitangi Tribunal's recommendation that the tangible and intangible expressions of Māori artistic and cultural traditions should be addressed through a new *sui generis* legal regime. The Government is also pursuing, in the context of a comprehensive bioprospecting policy, the Waitangi Tribunal's recommendation that patent applicants be required to disclose the origin of genetic resources and traditional knowledge.[[277]](#footnote-277)

#### Patents

The Patents Act 2013 and Patents Regulations 2014 continue to provide the primary legal and regulatory basis for patent registration, protection, and enforcement in New Zealand. Both were amended during the review period.

In 2017, amendments to the Patents Act 2013 came into force to implement a new single patent attorney regulatory regime between Australia and New Zealand. All those providing patent attorney services in either country must be registered in the new trans-Tasman register. Attorneys registered under prior schemes were automatically entered on the new register.[[278]](#footnote-278)

The CPTPP Amendment Act 2018 introduced a grace period into the Patent Act for prior disclosure. Disclosure of the invention by or with the consent of the applicant, or any person from whom they derive title (i.e. the inventor), during the 12 months preceding the filing of a complete specification, no longer constitutes prior art for the purpose of a New Zealand patent application.[[279]](#footnote-279)

In 2020, the Patents Regulations 2014 were amended to increase fees generally and add certain new fees. Examination fees were increased by 50% and new fees created for "excess" claims (30 or more).[[280]](#footnote-280) Renewal and maintenance fees were generally doubled (in some cases more). IPONZ explained that the increases were necessary to reduce its memorandum account, rebalance revenue as compared with trademark revenue, and improve regime efficiency, equity, and effectiveness.[[281]](#footnote-281)

Patenting activity declined in New Zealand during the review period. Annual applications declined 25% while annual grants declined 61% between 2014 and 2020. During the same period, non-residents comprised a growing proportion of both applicants and grantees, reaching 94% and 96%, respectively, in 2020 (Table A3.3). A study commissioned by IPONZ links these trends to the higher patentability requirements of the Patents Act 2013[[282]](#footnote-282), which have created examination delays. The study hypothesizes that foreign applicants filing in New Zealand are typically sophisticated entities pursuing strategic protection globally, since they have usually filed in more than 11 jurisdictions (with 96% also having filed in Australia). The highest numbers of foreign applications originate from the United States, Australia, Europe, and the United Kingdom. Pharmaceutical technology inventions[[283]](#footnote-283) dominate foreign filings, followed by materials science and biotechnology products or processes. In contrast, the most common fields for domestic applicants are agriculture and food, civil engineering (specifically building materials), and industrial engineering. The contrasting fields of focus for foreign and domestic applicants is likely influenced by the ease with which the goods that embody the invention can be shipped.[[284]](#footnote-284)

The annual rate at which New Zealand-based entities obtained patent protection abroad increased over 50% from 2014 to 2020, outpacing the 13% increase in annual applications made abroad during the same period (Table A3.3). In 2017, international patent applications originating from New Zealand most frequently involved the following technologies: medical technology; electrical machinery, apparatus, energy; biotechnology; civil engineering; and pharmaceuticals.[[285]](#footnote-285) Nearly half of all New Zealand patent filings are also filed in Australia; one third are also filed in the United States; and one quarter are also filed with the European Patent Office.[[286]](#footnote-286)

#### Undisclosed information

Trade secrets are not statutorily protected under New Zealand civil law, but they may be protected by contract and through a common law breach of confidence action. Under New Zealand's criminal law, misappropriation of a trade secret, with the intent to obtain a financial or economic advantage or to cause loss to another, is a crime punishable by up to five years in prison.[[287]](#footnote-287) In addition, the crime of accessing a computer system for a dishonest purpose to obtain property may apply to digital files, which is punishable by up to seven years in prison.[[288]](#footnote-288)

Unless otherwise exempt, agricultural and veterinary compounds must be registered by the MPI prior to their sale, manufacture, import, or use in New Zealand, as set out in the Agricultural Compounds and Veterinary Medicines Act 1997 (ACVM Act). Applications for registration must be supported by data on the product's features, plant or animal safety, efficacy, and the likelihood of residues remaining when used on crops or animals for human consumption.[[289]](#footnote-289) In 2016, New Zealand extended the data protection term for confidential information supporting an application for an innovative agricultural or veterinary compound from 5 years to 10 years from the grant or refusal of the application. Confidential information supporting an application for a non‑innovative compound or a new use or method of use for either an innovative or non-innovative compound were newly granted five-year periods of protection. Under the amended ACVM Act, the Director-General may use confidential information during the protected period in determining whether to grant an application other than the application to which the information relates or related, or disclose it to third parties, if the opinion of the Director-General is that the disclosure or use is necessary to protect the health or safety of members of the public.[[290]](#footnote-290)

The protection of confidential information submitted to the New Zealand Medicines and Medical Devices Safety Authority (MedSafe) is discussed in Section 3.3.8.13.

#### Plant variety rights

The Plant Variety Rights Act 1987 (PVR Act) and Plant Variety Rights Regulations 1988 continue to provide the legal and regulatory basis for the protection of new cultivated plant varieties. No significant amendments were made during the review period. The PVR Act requires a variety to be sufficiently "distinct, uniform and stable" (DUS) to be eligible for protection. IPONZ's PVR Office developed a quality management system for DUS testing, which was implemented in 2019. As of 2020, 1,295 plant variety rights were on New Zealand's registry.[[291]](#footnote-291) IPONZ has noted a slow decline in applications in recent years.[[292]](#footnote-292)

The MBIE initiated a review of New Zealand's regime for plant variety rights in 2017, with a view to implementing obligations under the Treaty of Waitangi and meeting its CPTPP commitment to align with the 1991 version of the UPOV Convention by 30 December 2021. A new Plant Variety Rights Bill[[293]](#footnote-293) was introduced to Parliament in May 2021. The Bill has been considered by the Parliamentary Select Committee, which issued its report proposing some changes to the Bill in November 2021. It is expected that the majority of the Bill and new regulations will take effect in mid-2022, following the second and third readings of the Bill before Parliament and Royal Assent.[[294]](#footnote-294)

The Bill would update the existing regime in several ways. It would qualify the scope of protectable subject matter to new distinct varieties that are clearly distinguishable from any other variety whose existence is common knowledge as of the application date. It would recognize essentially derived varieties and provide some recognition for an initial variety from which a new variety is predominantly derived. It would also expand exclusive rights to include importing and exporting[[295]](#footnote-295) propagating material of the protected variety, conditioning for the purpose of propagation, and stocking for the purpose of any restricted activity. It would also extend rights to harvested material in certain circumstances where the material was obtained through unauthorized use of propagating material. The term of protection would also be increased from 20 to 25 years for woody plants. A public interest test would be introduced for the issuance of compulsory licences. A Māori Plant Varieties Committee would be created to make decisions on applications concerning indigenous plant species and non‑indigenous plant species of significance, among other responsibilities.[[296]](#footnote-296)

#### Industrial designs

No significant amendments were made to the Designs Act 1953 or the Designs Regulations 1954 during the review period. In 2016, the MBIE issued a report studying the role of copyright and registered designs in the creative sector.[[297]](#footnote-297) As industrially applied designs also receive automatic protection under the Copyright Act 1994, the ongoing review of that Act may impact the scope and legal basis for industrial design protection in the coming years.

Industrial design rights were increasingly sought in New Zealand and by New Zealand designers abroad during the review period. The annual number of industrial designs registered by IPONZ increased 27% during the review period, with non-residents owning 73%‑80% of newly registered rights in any given year. The annual number of designs registered abroad by New Zealanders tripled during the review period, from 2,163 in 2014 to 6,601 in 2020 (Table A3.3).

#### Trademarks

Trademarks remain protectable and enforceable in New Zealand under the common law tort of passing off, the Fair Trading Act 1986, the Trade Marks Act 2002, and the Trade Marks Regulations 2003. Several amendments came into force during the review period.

The Regulatory Systems (Economic Development) Amendment Act 2019[[298]](#footnote-298) amended several provisions of the Trade Marks Act. The grace period for restoring an expired registration was reduced from 12 to 6 months. Amendments also affirmed that a person who owns a certification trademark cannot register a trademark for goods or services of the kind certified – or vice-versa. Clarifications were also made regarding the absence of discretion on the part of the Trade Marks Commissioner to not revoke a trademark registration when grounds for non-use had been established and no special circumstances outside of the trademark owner's control existed. These non-use amendments followed a 2017 Supreme Court decision, which also clarified that use of a registered mark in a different form does not constitute "genuine use" of the mark for revocation purposes.[[299]](#footnote-299)

In 2020, the Trade Marks Regulations 2003 were amended to reduce application and renewal fees. The amendments also established a flat NZD 50 fee for pre-application trademark advice.[[300]](#footnote-300)

Trademark activities at IPONZ and by New Zealanders seeking protection abroad steadily increased during the review period. The annual number of applications received and trademarks registered by IPONZ increased 40% and 31%, respectively, from 2014 to 2020. 2020 saw a possibly pandemic-related surge in resident applications and registrations. In any given year, 59%‑70% of applications to, and registrations by, IPONZ came from foreign applicants. The annual number of trademark applications sought by, and registrations granted abroad to, New Zealanders increased 50% from 2014 to 2019, before declining in 2020 during the COVID‑19 pandemic (Table A3.3). In 2019, the top five industries for which New Zealand businesses filed trademark applications through the WIPO Madrid System for protection abroad were: (i) services for business and retail services; (ii) electronics and computers; (iii) pharmaceuticals, supplements and baby foods; (iv) scientific and engineering services and software design; and (v) honey, confectionery and ice cream.[[301]](#footnote-301)

#### Geographical indications

In 2017, the Geographical Indications (Wine and Spirits) Registration Act 2006 (GI Act)[[302]](#footnote-302), as amended by the Geographical Indications (Wine and Spirits) Registration Amendment Act 2016[[303]](#footnote-303), entered into force and established a registration system for wine and spirit GIs. To be registered, a GI must indicate that the wine or spirit originates from a defined area from which its quality, reputation, or other characteristic is essentially attributable. Misuse of a registered GI for wines and spirits that do not originate from the area indicated is prohibited, even where the true place of origin is provided, when the GI is used in translation, or when it is accompanied by words such as "kind", "type", "style", or "imitation". Common or generic terms are not protectable, and an exception is available for prior continuous use of a registered GI.[[304]](#footnote-304)

In general, conflicts between trademarks and GIs in New Zealand are governed by a "first in time, first in right" approach. A GI that is identical to a trademark for identical goods or services must not be registered. A GI that is similar, as opposed to identical, and/or used on similar, as opposed to identical, goods or services, must be denied registration if its use is likely to deceive or confuse. A GI that conflicts with an earlier registered trademark may be registered, however, if the GI can coexist with the registered trademark, taking into consideration the GI's history of good faith use in New Zealand, its recognition as a GI in New Zealand, and the legitimate interests of the trademark owner and third parties, among other factors.[[305]](#footnote-305)

The Geographical Indications (Wine and Spirits) Registration Regulations 2017[[306]](#footnote-306) set forth examination and registration procedures and the process for establishing the GI register. Applications are submitted to IPONZ, which undertakes an examination of the GI. If the application is accepted, IPONZ advertises the acceptance in its journal, thus triggering a three‑month opposition period. In the absence of opposition, the GI is registered. Registration is initially effective for 5 years, after which it may be renewed at 10-year intervals. In 2020, amendments to the GI Act introduced a six-month grace period for expired GI registrations.[[307]](#footnote-307)

As of December 2021, New Zealand had registered 20 GIs for wine: 18 from New Zealand, 1 from France (Champagne), and 1 from the United States (Napa Valley). Three GIs have been registered for spirits (Cognac, Pisco (from Peru), and Scotch Whisky).[[308]](#footnote-308) The register also includes three "enduring" permanent GIs, as required by the Act: New Zealand, North Island, and South Island.[[309]](#footnote-309)

#### Copyright and related rights

The Copyright Act 1994, Copyright (General Matters) Regulations 1995, Copyright (Border Protection) Regulations 1994, and Copyright (Infringing File Sharing) Regulations 2011 continue to provide the legal and regulatory basis for copyright protection and enforcement in New Zealand. The Copyright Act and associated regulations were amended on several occasions during the review period.

The portions of the CPTPP Amendment Act 2018 that have entered into force strengthened the related rights of performers by extending economic and moral rights, similar to those of copyright owners, to performers. Such moral rights include the right to be identified as a performer, and the right to object to derogatory treatment of live and recorded performances. For sound recordings (or phonograms), performers also now have rights to prevent the commercial exploitation of recordings through copying, issuing to the public, and communicating to the public (e.g. broadcasting).[[310]](#footnote-310) Provisions of the Copyright Act related to copyright management information and technological protection measures (TPMs) were also strengthened. However, amendments that would make circumventing a TPM or providing TPM circumvention devices or services copyright infringement have not entered into force. These and other more extensive amendments in the CPTPP Amendment Act, including longer terms of protection, have been postponed in light of the departure of the United States from the Trans‑Pacific Partnership Agreement and an ongoing review of New Zealand's copyright regime.[[311]](#footnote-311)

The Copyright (Marrakesh Treaty Implementation) Amendment Act 2019 implemented New Zealand's obligations under the WIPO Marrakesh Treaty. The Copyright Act was amended to permit authorized entities, namely schools, libraries, and certain charitable entities, to make and provide accessible format copies of works to persons who have a print disability. Authorized entitles may also reproduce, distribute, import, and export accessible format copies of copyright works without the copyright owner's permission. The Act also permits a person who has a print disability, or is acting on behalf of such a person, to make or import an accessible format copy of a copyrighted work for the exclusive use of the person who has the print disability.[[312]](#footnote-312) Related amendments were made to the Copyright (General Matters) Regulations 1995.

In 2016, the MBIE reported on a study it conducted on the role of copyright and registered designs in the creative sector.[[313]](#footnote-313) The following year, the Government launched a review of New Zealand's copyright regime in light of the technological changes that have occurred since the last significant review was undertaken in 2004. From November 2018 to April 2019, the MBIE conducted public consultations.[[314]](#footnote-314) The review may be impacted by a new United Kingdom-New Zealand FTA, which was signed in early 2022 and would oblige New Zealand to make certain changes to its copyright system.[[315]](#footnote-315)

#### Enforcement

New Zealand notified responses to the Checklist of Issues on Enforcement to the TRIPS Council in 1997.[[316]](#footnote-316) It has not submitted any updates since.

Judicial action against IP infringement may be initiated by persons with a direct interest, such as the registered proprietor in the case of patents, trademarks, and designs, or the IPR owner in the case of copyright. Those who registered a GI or benefit from it may take action against its misuse.[[317]](#footnote-317)

Various agencies and courts have jurisdiction over IPR disputes. The IPONZ Hearings Office is a specialist tribunal that handles patent, trademark, and industrial design oppositions and applications for revocation, cancellation, and declarations of invalidity. The Copyright Tribunal hears disputes involving licensing schemes offered by copyright management organizations. It also determines claims of copyright infringement arising from illegal file sharing.[[318]](#footnote-318) Its operations were modernized during the review period by the Tribunals Powers and Procedures Legislation Act 2018.[[319]](#footnote-319) District Courts, the High Court, the Court of Appeal, and the Supreme Court have jurisdiction in civil IP infringement cases.

As part of an omnibus bill to enable digital interactions, minor revisions to the Patents Act 2013, Trade Marks Act 2002, Copyright Act 1994, Designs Act 1953, and Fair Trading Act 1986 took effect in 2018 to facilitate the service of notices and other communications by IPONZ and the NZCS via email.[[320]](#footnote-320) Amendments to the Patents Regulations 2014, Trade Marks Regulations 2003, and Designs Regulations 1954, permitting an address for service in Australia, came into effect the same year.[[321]](#footnote-321) Similar changes were made separately in 2019 to permit service to Australian addresses under the PVR Act 1987.[[322]](#footnote-322)

New Zealand is about as likely to export counterfeit products as comparable developed economies[[323]](#footnote-323), and was ranked fourth in The Economist's Global Illicit Trade Environment Index.[[324]](#footnote-324) Aggrieved IP right holders may lodge notices with the NZCS under the Trade Marks Act 2002 and the Copyright Act 1994 requesting the NZCS to intercept pirated copies and counterfeit goods. As of 2020, right holders no longer need to provide a security of NZD 5,000 when they file a notice. As of 2018, the NZCS may also temporarily detain suspected counterfeit goods and pirated copies destined for either import or export *ex officio*, with reasonable cause.[[325]](#footnote-325)

Both the number of trademark and copyright-related goods intercepted by the NZCS and the number of interception incidents declined steeply from 2014 to 2019. In 2014, 44,735 items were intercepted during 359 separate incidents, compared to 6,954 items intercepted during 34 incidents in 2019. The number of incidents occurring at mail centres declined particularly sharply during the same period, from 245 in 2014 to 4 in 2019 (Table 3.18). The reason for these declines is unknown, but may be due to a change in behaviour by a small number of traders. New Zealand has not traditionally been a top destination market for IP infringing goods, as it is a small market that is geographically isolated fromother countries with relatively high transport and logistic costs.

Table 3.18 Number of IP items intercepted and IP interception incidents, 2014-19

|  | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| --- | --- | --- | --- | --- | --- | --- |
| Items | 44,735 | 29,725 | 68,055 | 20,637 | 22,072 | 6,954 |
| Incidents | 359 | 223 | 60 | 113 | 80 | 34 |
| - mail centre | 245 | 160 | 24 | 54 | 21 | 4 |
| - CCAa | 98 | 54 | 28 | 48 | 52 | 24 |
| - airport | 7 | 8 | 6 | 9 | 4 | 5 |
| - other | 9 | 1 | 2 | 2 | 3 | 1 |

aCustoms Controlled Area: a secure and controlled environment in which the activities that take place are monitored or conducted by the NZCS.

Source: NZCS, *Good Intercepted*. Viewed at: <https://www.customs.govt.nz/about-us/statistics/non-drug-interceptions/goods-intercepted/>.

New Zealand's creative and broadcasting industries have been impacted by digital piracy. Two industry-commissioned 2018 reports found that 10%-11% of New Zealanders "normally" stream pirated content, although there is some evidence that these numbers may be declining due to improved access to free and paid material on-demand. Another study found that nearly 25% of New Zealand Internet users download infringing copies of music, with 20% having used stream ripping in the preceding three months. The industries have encouraged the Government to pursue site-blocking legislation that would be effective against both local and off-shore websites and to ban the import and sale of illicit streaming devices. They have also suggested narrowing the existing Internet service provider liability safe harbour provisions, which they claim have been abused by online intermediaries, including search engines and social media platforms, to commercially exploit unlicensed copyrighted works.[[326]](#footnote-326)

Once civil infringement has been established, available remedies include injunctions and compensatory damages or an accounting of profits. The CPTPP Amendment Act 2018 expanded and strengthened the available remedies for trademark and copyright infringement. Courts may now grant additional damages for not only copyright infringement, but also trademark infringement, as justice requires, taking into account all of the circumstances, including the flagrancy of the infringement and any benefits accruing to the defendant.[[327]](#footnote-327) Barring exceptional circumstances, courts must also now order the destruction of counterfeit[[328]](#footnote-328) goods, rather than simply the removal of the infringing trademark from the goods.[[329]](#footnote-329) As of 2018, monetary awards ordered by the Copyright Tribunal may include interest, as compensation for the delay in payment.[[330]](#footnote-330)

The New Zealand Police, the MBIE, and the NZCS may investigate copyright piracy and trademark counterfeiting offences. Within the review period, no prosecutions of these offences were initiated. The CPTPP Amendments Act 2018 expanded the scope of criminal prosecution for copyright infringement to include certain violations of performers' rights and increased the maximum penalties for making, dealing with, using, or copying illicit recordings to a fine of NZD 150,000 or five years' imprisonment.[[331]](#footnote-331) These maximum penalties now match those available for criminal violations of the Trade Marks Act 2002. In 2020, the New Zealand Supreme Court interpreted the criminal provisions of the Copyright Act 1994 to be technologically neutral, and to encompass infringing digital files.[[332]](#footnote-332)

#### IP matters relating to COVID‑19

New Zealand has not amended any of its IP laws or regulations specifically in response to the COVID‑19 pandemic.

New Zealand permits compulsory licensing and Crown use of patented inventions in specified circumstances. Three years from the date of patent grant, or four years from the filing date, whichever is later, any interested person may submit an application to the High Court for a compulsory licence predominantly to supply the domestic market if the patented invention is not being supplied or is not being supplied on reasonable terms in New Zealand. New Zealand has implemented the special compulsory licensing system for the export of medicines set forth in Article 31*bis* and the Annex to the TRIPS Agreement. The High Court may order the grant of a compulsory licence for the production and export of a patented pharmaceutical product or process to an eligible importing country to address a serious public health problem.[[333]](#footnote-333) New Zealand has opted out of using the regime as an importer.[[334]](#footnote-334) Remuneration to the patent holder and previous efforts to obtain a licence from the patentee on reasonable commercial terms and conditions are among the general requirements for the issuance of a compulsory licence.[[335]](#footnote-335) No compulsory licences have been granted for patents since 2009.

Any government department or third party authorized by the Government may exploit an invention for which a patent has been either granted or applied for, for the services of the Crown, after the complete specification relating to a patent application has been opened to public inspection (18 months from the earliest priority date). Such use must be non-exclusive and may be for any purpose that appears necessary or desirable to: (i) avoid prejudice to the security or defence of New Zealand; or (ii) assist in emergency management during a declared state of emergency.[[336]](#footnote-336)

All new and changed medicines must be approved by MedSafe before they may be distributed, sold, or advertised in New Zealand. MedSafe bases its decisions upon information and data regarding safety, quality, and efficacy submitted by the applicant. MedSafe must take reasonable steps to protect the confidentiality of confidential information submitted for an innovative (new active ingredient) medicine application and may not use it to assess other applications (e.g. a generic version of a previously approved drug) for five years following the date of approval or refusal. An exception is available that permits use or disclosure of the data when necessary to protect the health or safety of the public. Data exclusivity is not available for information submitted in connection with applications for new uses of a known drug.[[337]](#footnote-337)

Parallel imports of genuine IP-protected goods are generally permitted in New Zealand.[[338]](#footnote-338) There are no explicit limitations on the parallel import of pharmaceuticals or other health technologies. However, there are a number of practical limitations that make the parallel import of such goods unlikely. For example, a licence is needed to import pharmaceuticals as well as for handling and wholesaling medicines and medical devices. Additionally, importers are required to produce specifications and test data for each batch of medicines.[[339]](#footnote-339) Access to such information may be limited where the importer is not authorized by the manufacturer.

Amidst pandemic-related economic challenges, New Zealand has endeavoured to protect its R&D base by making additional investments in CRIs and CI, in order enable them to maintain R&D capability despite falling commercial revenue. It also established a temporary R&D loan scheme for R&D‑performing businesses affected by COVID‑19, enhanced the refundability of the R&D tax incentive, and funded dedicated COVID‑19-related R&D projects through the COVID‑19 Innovation Acceleration Fund and the Health Research Council.[[340]](#footnote-340)

Prior to the pandemic, IPONZ had already adopted and implemented a 100% online business model and issued guidelines to encourage the use of video conferencing at hearings.[[341]](#footnote-341) Although its online services continued to operate normally during the pandemic, its operations were impacted, particularly during lockdown, adding to pre-existing patent and trademark backlogs and delays in scheduling hearing dates. IPONZ has recruited additional staff and is trialling a new scheduling initiative to address these issues.[[342]](#footnote-342)

IPONZ has adapted its policies and procedures in light of pandemic-associated business disruptions. Three-month extensions were automatically applied to various deadlines falling from 15 April to 31 July 2020, including deadlines for requesting examination for patent applications, responses to patent or design examination or trademark compliance reports, and evidence filing. Since then, deadline extensions have been available by request and on a case-by-case basis. The Hearings Office has also temporarily permitted provisional filing of unsworn evidence and has suspended the requirement to submit hard copy bundles of authorities and documents.[[343]](#footnote-343)

# TRADE POLICIES BY SECTOR

## Agriculture, Forestry, and Fisheries

### Overview

New Zealand is a net exporter of agro-food products, notably dairy, meat, and wool, for which it is among the top global exporters. Agriculture products (WTO definition) accounted for 65.7% of total merchandise exports in 2021 (compared with 61.1% in 2015), and11.5% of merchandise imports in 2021 (11.6% in 2015) (Tables A1.1 and A1.2). Agricultural production dropped in 2015 and 2016 but has picked up since 2017, supported by good performance in sheep, beef, and dairy cattle farming (Table 4.1). The authorities note that this has been driven by strong consumer demand coupled with the global protein shortage. Its contribution to the GDP stood at 6.2% in 2019/20 (Chart 1.1). Sectoral employment, which is on a downward trend, accounted for 5.84% of total employment in 2019.[[344]](#footnote-344)

Table 4.1 Agriculture production by main categories, 2015-20

(NZD million)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Product categories | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Horticulture and fruit growing | 1,627 | 1,833 | 2,110 | 2,067 | 2,244 | 2,358 |
| Sheep, beef cattle and grain farming | 2,988 | 2,790 | 3,001 | 3,753 | 3,868 | 3,921 |
| Dairy cattle farming | 3,124 | 2,532 | 5,436 | 6,156 | 5,969 | 6,930 |
| Poultry, deer and other livestock farming | 500 | 535 | 562 | 634 | 577 | 597 |
| Forestry and logging | 1,294 | 1,560 | 1,700 | 2,100 | 2,051 | 1,630 |
| Fishing and aquaculture | 355 | 452 | 451 | 473 | 506 | 547 |
| Total | 9,888 | 9,702 | 13,260 | 15,183 | 15,215 | 15,983 |

Source: Information provided by the authorities.

Over the period 2007-16, growth in New Zealand's total factor productivity in agriculture (0.7%) lagged behind the OECD average (1.6%). As a consequence, New Zealand's growth in agricultural output has relatively underperformed.[[345]](#footnote-345) There are a number of strategies aimed at increasing productivity, including "Fit for a Better World", which set actions to bring together opportunities that the Government considers will accelerate the productivity, sustainability, and inclusiveness of the primary sector.[[346]](#footnote-346)

The Ministry for Primary Industries (MPI) is the lead government agency for the food and fibre sectors.[[347]](#footnote-347) In 2018, four new units were established within the MPI (Biosecurity New Zealand, Fisheries New Zealand, New Zealand Food Safety, and New Zealand Forest Service). Subsequently, another unit, Agriculture and Investment Services, was established in 2019. According to the authorities, the new units provide increased focus on some of the MPI's core responsibilities.

### Border measures

#### Import measures

Tariffs on agricultural products (WTO definition) are generally low, with an average of 1.8% in 2021, slightly up from 1.7% in 2014. Imports of agricultural products are subject to various other taxes, including the Goods and Services Tax (Section 3.1.4). New Zealand does not administer any tariff rate quotas despite the provisions in its WTO Schedule of Commitments, which allow it to do so for imports of certain agricultural products (apples, pears, and hop cones). The applied MFN tariffs on these products are zero.[[348]](#footnote-348)

Under the Biosecurity Act 1993, animal and plant products (risk goods) cannot be imported into New Zealand unless an import health standard (IHS) has been developed for that product. IHSs state the requirements that have to be met before importing risk goods into New Zealand (Section 3.3.4.3). Regarding food products, the MPI publishes on a regular basis a Notice that sets out the safety requirements to be met when importing such products (Section 3.3.4.2).

It was noted during the previous Review, that industry organizations, including those in agriculture, can, in accordance with the Commodity Levies Act 1990, collect producer levies on commodities to fund a range of industry good activities including market research, quality assurance, and plant and animal health protection. There were 32 commodity levy orders (in addition to 2 levy orders under the Wine Act) in force in 2021. With very few exceptions, levies may not be spent on commercial and trading activities. To collect levies, industry organizations must obtain a new mandate every six years through a referendum among producers. The Commodity Levies Act enables levies to be imposed on imports provided that the rate is equal to or less than that charged on the domestic product, those levy payers will derive benefits from the levy, and the levy order is not contrary to New Zealand's international obligations. No such levies have been imposed thus far.

#### Export measures

Various regulations are in place for exports of some agricultural products. The Animal Products Act 1999 requires registration of all exporters of any animal product with the MPI before they can export from New Zealand. New Zealand also continues to administer export licences for some meat products to accommodate tariff quotas imposed by some trading partners. Current quota allocation systems include EU sheep meat and goat meat quota, EU high-quality beef quota, US beef and veal quota, UK sheep meat and goat meat quota, and UK high-quality beef quota. The Meat Board is in charge of establishing and operating quota allocation systems for quota markets, in accordance with the Meat Board Act 2004.

Restrictions on dairy exports to specific tariff quota markets were phased out by the end of 2010, ending the Fonterra Co-operative Group's exclusive rights to export to designated restricted markets. Currently, the MPI allocates licences for export of prepared edible fats to Japan; milk powder to the Dominican Republic; butter, cheddar cheese, and cheese for processing to the European Union; and cheddar, low-fat, certain types of cow's milk cheese, and American-type cheeses to the United States.[[349]](#footnote-349)

Export regulations continue to exist for kiwifruit, in accordance with the Kiwifruit Industry Restructuring Act (KIRA) 1999 and the Kiwifruit Export Regulations 1999. The relevant regulatory body, Kiwifruit New Zealand (KNZ), grants an automatic, but not exclusive, right to Zespri to export kiwifruit to all markets other than Australia (Export Authorisation).[[350]](#footnote-350) All other traders wishing to export kiwifruit to markets other than Australia must get prior approval from KNZ. As per New Zealand's latest notification pursuant to Article XVII:4(A) of the GATT 1994 and Paragraph 1 of the Understanding on the Interpretation of Article XVII, Zespri exports a large share of New Zealand's total exports of kiwifruit.[[351]](#footnote-351)

The 2017 amendments to the Kiwifruit Export Regulations 1999 allow Zespri shareholders to set rules around maximum shareholding and eligibility for dividend payments, clarify the activities Zespri can undertake as a matter of core business, and enhance the independence and transparency of the industry regulator, KNZ. The Export Authorisation is reviewed annually by KNZ, and changes are advised to Zespri in January each year. Other roles of KNZ include monitoring and enforcing Zespri's compliance with the Kiwifruit Export Regulations 1999, including the measures that require Zespri to be transparent, and to not discriminate among kiwifruit growers. KNZ also ensures that other traders export kiwifruit in collaboration with Zespri (collaborative marketing)[[352]](#footnote-352), with a view to increasing the overall benefits to New Zealand kiwifruit suppliers.

Regarding exports of horticultural products, the Horticulture Export Authority Act 1987 provides a voluntary framework in which horticultural Product Groups can freely participate. Under the framework, the Horticulture Export Authority (HEA) serves as a statutory body providing a formal structure for cooperation and coordination. This takes the form of an export licensing system for Product Groups that choose to come under the HEA structure. Each Group has the responsibility to develop an Export Marketing Strategy (EMS), i.e. an exporter wanting to export a product must comply to obtain a licence. The EMS is initially developed by the Product Group. The HEA then provides guidance in the formulation, approval, and enforcement of EMS requirements. Enforcement of EMS requirements on growers and packhouses is the responsibility of the Product Group, while enforcement on exporters is done by the HEA via the licence mechanism. As of 30 September 2020, a total of 76 export licences issued by the HEA were in operation, held by 55 different entities across 10 Product Groups.[[353]](#footnote-353) Approximately 4.5% of total fruit and vegetable exports by value fall under the HEA Act. Exports of horticulture products that are outside the scope of the HEA and the Kiwifruit Export Regulations and that are not subject to specific export control legislation still have to meet relevant New Zealand domestic legislative requirements as well relevant requirements of importing parties.

The HEA is funded by its industry sector participants via statutory levies on Product Groups and fees on export licence holders (application fees and annual monitoring and compliance fees). During the review of the HEA Act in 2017, amendments were made, including introducing some flexibility in the exporter licensing regime by introducing multiple tiers of licence and by updating the fees and levies paid to the HEA, which had not been reviewed for over a decade.

New Zealand does not apply export subsidies for agricultural products.[[354]](#footnote-354)

### Domestic support

New Zealand has a highly market-oriented agricultural sector. Support to agricultural producers is the lowest among OECD countries[[355]](#footnote-355), and accounted for an average of 0.7% of farmer receipts and 0.3% of the country's GDP during 2018-20.[[356]](#footnote-356) New Zealand submitted its most recent domestic support notifications in 2021, covering financial year 2019/2020, and are provided for pest and disease control, investments in the country's agricultural knowledge and innovation system, environmental programmes, relief payments, and infrastructural services.[[357]](#footnote-357)

In addition, as part of New Zealand's NZD 50 billion COVID‑19 Response and Recovery Fund (CRRF), NZD 200.2 million was allocated to projects in, *inter alia*, training services, research, and pest and disease control.[[358]](#footnote-358)

### Dairy industry

With exports of approximately NZD 17 billion per year (25% of total exports) and accounting for around 3% of GDP, the dairy industry represents a significant share of the economy. Important reforms were undertaken from 2009 to 2012, as highlighted in the previous Review.[[359]](#footnote-359) During the current review period, the dairy industry continued to undergo reforms with the aim of ensuring transparency and efficiency. As reported previously, the Dairy Industry Restructuring Act (DIRA) allowed the creation of Fonterra Co-operative Group Limited. The Act has provisions to promote the efficient operation of dairy markets in New Zealand by regulating the activities of Fonterra to ensure New Zealand markets for dairy goods and services are contestable. It also provides for the allocation of export certificates for dairy quotas imposed by importing countries (Section 4.1.2.2). In [February 2018](https://www.legislation.govt.nz/act/public/2018/0002/latest/whole.html?search=ad_act__dairy____25_ac%40bn%40rn%40dn%40apub%40aloc%40apri%40apro%40aimp%40bgov%40bloc%40bpri%40bmem%40rpub%40rimp_ac%40ainf%40anif%40bcur%40rinf%40rnif_a_aw_se&p=1#DLM7518505), the DIRA was amended following a recommendation of the Commerce Commission that the regulatory obligations on Fonterra should not expire. The amendments retain the DIRA regime for the time being, by preventing it from expiring and requiring a review of the need for the DIRA legislation.

On 6 August 2020, following a comprehensive review of the DIRA and consultation with the dairy sector, the DIRA was amended to reduce some of the regulatory requirements on Fonterra, including by allowing it the discretion to accept or decline applications from new or returning farmers to become shareholders; clarifying that Fonterra can price differentiate on the basis of various on‑farm performance matters, and refuse milk supply in circumstances where milk is non-compliant; and supporting and encouraging better environmental performance of the dairy industry. The requirement for Fonterra to supply a limited quantity of milk to competing processors in order for them to get started has also been further reduced.

### Fisheries

New Zealand's fisheries industry has an important socio-economic and strategic importance. Commercial fishing (including aquaculture) employs approximately 13,500 people and contributes NZD 4.2 billion per year in economic activity. The country has a coastline of 15,100 km and hosts the world's fourth largest Exclusive Economic Zone of 1.3 million km2. The Food and Agriculture Organization of the United Nations (FAO) has identified 16,000 marine species in New Zealand waters, of which 130 species are commercially fished.[[360]](#footnote-360) Approximately 400,000 tonnes of fish is harvested from New Zealand's waters each year with a further 118,000 tonnes of aquacultural production. During 2019/20, there were approximately 860 registered fishing vessels in New Zealand, of which approximately 10 were foreign-owned. The authorities' current efforts in the fisheries industry seek to improve environmental performance and modernize fisheries management, i.e. promote electronic monitoring of commercial catches, and management measures that further protect New Zealand's protected species from the effects of fishing.[[361]](#footnote-361)

The legal framework has remained largely unchanged since the previous Review. The primary legislation for the management of fisheries is the Fisheries Act 1996. It provides for the utilization of fisheries resources while maintaining their potential to meet the reasonably foreseeable needs of future generations. Fisheries New Zealand, under the MPI, is responsible for its implementation.

The MPI, through its newly established unit, Fisheries New Zealand (Section 4.1.1), works to ensure that fishery resources are managed to provide the greatest overall benefit to New Zealanders. Fisheries New Zealand's approach to maximize economic returns is enshrined in the Government's Fisheries 2030 strategy, in place since 2019.[[362]](#footnote-362) The Strategy aims to make its aquaculture industry an NZD 3 billion per year industry by 2035, mainly through the promotion of innovative practices.[[363]](#footnote-363)

Fisheries 2030 is implemented through, *inter alia*, ensuring the sustainability of fish stocks by limiting catches to specific levels, using a Quota Management System (QMS). The QMS was extensively described in the previous TPR report.[[364]](#footnote-364) Through the QMS, Fisheries New Zealand monitors, manages, and regulates fisheries and fish stocks in New Zealand and in the high seas (under international arrangements). A private entity, FishServe, operates some of the services required by the Fisheries Act and relevant regulations, such as administering fishing permits, fishing returns, registration of fishing vessels, Crown-held annual catch entitlement (ACE) and quota tenders, ACE and quota transfers, and invoicing and receiving fees and charges. There are currently 98 species (or species groups) listed in the QMS.

In order to fish commercially in New Zealand waters, commercial fishers must, *inter alia*, register with the relevant authority, hold a commercial fishing permit, hold quota or have access to ACE under the QMS, and use a registered New Zealand vessel that is on the Fishing Vessel Register. Foreign-owned fishing vessels may provide fishing services to New Zealand fishing permit holders under demise charter terms provided they meet all conditions of New Zealand vessel registration and flagging. All permitted fishers must keep records and regularly report catches, fishing efforts, and landings. To fish commercially outside the New Zealand Exclusive Economic Zone (EEZ), a high seas fishing permit is required. The comprehensive requirements for commercial fishers are published by the authorities.[[365]](#footnote-365) New fish stocks added to the QMS are transferred to commercial fishers through public tender of quota shares, after provision is made for allocation of 20% of quota shares to Māori.

In accordance with the Fisheries Act 1996 and the Overseas Investment Act 2005, consent is required for foreign participation in fishing quota. The criteria for consent include that investment in fishing quota is in the national interest, i.e. implies benefits such as job creation, the introduction of new technology or business skills, and increased export receipts. A foreigner (individual or company) is not allowed to have a 25% or more ownership or control interest in fishing quotas, without consent first being obtained from the relevant Ministers (i.e. Minister with responsibility for fisheries and the Minister of Finance). Under the Overseas Investment Act 2005, all overseas investments in fishing quota are defined as sensitive (Section 2.4.1). Furthermore, since 1 May 2016, foreign-flagged charter fishing vessels fishing in New Zealand waters (within the 200-mile limit) are required to reflag as New Zealand vessels pursuant to the Fisheries (Foreign Charter Vessels and Other Matters) Amendment Act 2014.

There are a number of funding opportunities available to the fishing and aquaculture industries. The aquaculture planning fund supports regional councils to plan for sustainable aquaculture growth and development through, *inter alia*, creating zones for new consent applications and provisions for new species for aquaculture.[[366]](#footnote-366) Several support programmes established in New Zealand's agricultural sector also translate into fisheries, mainly with respect to sustainable resources management.

### Environmental measures and sustainable management of resources

Nearly half of New Zealand's greenhouse gas (GHG) emissions come from agriculture. The main source of agricultural emissions is methane from ruminant animals. The Government is taking steps towards addressing methane emissions, including through He Waka Eke Noa, the Primary Sector Climate Action Partnership.[[367]](#footnote-367)

The 2019 Climate Change Response (Zero Carbon) Amendment Act provides a domestic GHG emissions reduction target. This includes net zero emissions of all GHGs other than biogenic methane by 2050, and a 24% to 47% reduction below 2017 levels of biogenic methane emissions by 2050, including a 10% reduction by 2030. It also established the independent Climate Change Commission to provide expert advice and monitoring to help keep successive Governments on track to meet long‑term goals.

Under the 2020 Climate Change Response (Emissions Trading Reform) Amendment Act, biogenic emissions from agriculture (methane and nitrous oxide) will be priced by 2025.

He Waka Eke Noa, the Primary Sector Climate Action Partnership, a partnership between the Government, the primary sector, and Māori was established in 2019 to equip farmers to measure, manage, and reduce on-farm agricultural GHG emissions and enhance the sector's resilience to climate change.[[368]](#footnote-368)

New Zealand has also adopted several measures in line with resources management in agriculture. The 2020 Resource Management (National Environment Standards for Freshwater) Regulations prescribe environmental standards in relation to freshwater and set requirements for carrying out certain activities that pose a risk to freshwater and freshwater ecosystems.

## Energy

New Zealand's energy self-sufficiency rate stood at 75.7% in 2020, down from 81.2% in 2015. Total energy production followed the same pattern over that period. The shares of coal and oil in total energy production decreased dramatically between 2015 and 2020 (Table 4.2). The industrial and residential sectors remained the main energy consumers (Table 4.3).

Table 4.2 Energy production and its breakdown by source, 2015-20

(Unit: PJ)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Total energy production | Coal | Oil | Gas | Hydro | Geothermal | Solar | Wind | Others |
| **2015** | 724.48 | 85.34 | 98.36 | 188.73 | 88.30 | 193.40 | 0.50 | 8.51 | 61.35 |
| **2016** | 703.32 | 71.57 | 82.63 | 195.95 | 93.36 | 188.97 | 0.57 | 8.43 | 61.85 |
| **2017** | 691.78 | 72.45 | 75.06 | 194.77 | 90.62 | 190.48 | 0.64 | 7.53 | 60.22 |
| **2018** | 676.26 | 83.78 | 59.50 | 174.62 | 94.51 | 196.39 | 0.72 | 7.44 | 59.29 |
| **2019** | 684.91 | 79.99 | 60.65 | 184.39 | 92.15 | 200.98 | 0.82 | 8.12 | 57.81 |
| **2020** | 657.57 | 73.31 | 53.01 | 180.17 | 87.36 | 200.69 | 0.94 | 8.30 | 53.80 |

Note: PJ stands for petajoule or 278 gigawatt hours.

Source: Information provided by the authorities.

Table 4.3 Total energy consumption by sector/user, 2015-20

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Consumption (GWh) based on estimated sales | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| **Agriculture, forestry, and fishing** | 2,819 | 2,524 | 2,588 | 2,285 | 2,545 | 2,687 |
| **Industrial** | 14,609 | 14,547 | 14,616 | 14,622 | 14,828 | 14,036 |
| Mining | 405 | 362 | 418 | 450 | 450 | 416 |
| Food processing | 2,437 | 2,507 | 2,663 | 2,776 | 2,807 | 2,873 |
| Wood, pulp, paper and printing | 2,729 | 2,732 | 2,698 | 2,661 | 2,577 | 2,084 |
| Chemicals | 775 | 819 | 866 | 780 | 801 | 764 |
| Basic metals | 6,524 | 6,453 | 6,357 | 6,387 | 6,570 | 6,240 |
| Other minor sectors | 1,739 | 1,674 | 1,616 | 1,568 | 1,624 | 1,659 |
| **Commercial** | 9,456 | 9,460 | 9,435 | 9,492 | 9,520 | 9,175 |
| **Residential** | 12,469 | 12,377 | 12,381 | 12,703 | 12,651 | 12,877 |
| **Transport** | 83 | 91 | 91 | 94 | 110 | 100 |
| **Unallocated onsite generation** | 1,309 | 1,233 | 821 | 772 | 665 | 566 |

Source: Information provided by the authorities.

The Ministry of Business, Innovation and Employment (MBIE) is in charge of formulating and implementing New Zealand's energy policy. The Energy Efficiency and Conservation Authority (EECA) is a public entity that encourages, promotes, and supports energy efficiency, energy conservation, and the use of renewable energy sources, as prescribed by the Energy Efficiency and Conservation Act 2000. Its activities include working with businesses to improve their energy productivity and use of sustainable energy to contribute to New Zealand's GHG emission reduction targets and assist New Zealanders and public sector agencies to make smarter use of sustainable energy. According to the authorities, the EECA administers an NZD 219.5 million government fund to reduce GHG emissions and improve energy efficiency in the public sector. It also administers the Technology Demonstration Fund, which provides co-investment to help businesses test new or under-utilized energy saving technologies and process improvements that could also benefit the wider sector.

New Zealand's international commitments, in the context of the 2015 Paris Climate Change Agreement, consist of a target to reduce GHG emissions by 30% below 2005 levels by 2030. The country updated its pledge in 2021 and committed to reducing net emissions by 50% below gross 2005 levels by 2030.[[369]](#footnote-369) Various strategies are also in place to serve its domestic targets (Section 4.1.6), including a goal to transition to net zero carbon emissions by 2050.[[370]](#footnote-370) The direction of the energy policy is set out in the New Zealand Energy Strategy 2011-2021. According to the authorities, development of a replacement energy strategy is expected to commence in 2022.

The New Zealand Energy Efficiency and Conservation Strategy 2017-2022 (NZEECS) is the national strategy on energy efficiency.[[371]](#footnote-371) The strategy builds on the New Zealand Energy Strategy, the primary strategic plan, and provides a unified framework for government support and interventions over five years. Under the Strategy, specific targets are set for three priority areas: (i) a decrease in industrial emissions intensity of at least 1% per annum on average between 2017 and 2022, through renewable and efficient use of process heat; (ii) the widespread use of electric vehicles so they make up 2% of the vehicle fleet by the end of 2021, to promote efficient and low‑emissions transport; (iii) and generation of 90% of electricity from renewable energy sources by 2025, through innovative and efficient use of electricity.

In 2019, the New Zealand Government published a "Hydrogen Vision" to harness its hydrogen potential as a clean alternative to hydrocarbons in the pursuit of decarbonization.

The NZETS continues to be a key part of New Zealand's overall energy emissions reduction strategy. During the review period, the Government made changes to the NZETS through the Climate Change Response (Emissions Trading Reform) Amendment Act 2020, which came into law on 22 June 2020. Among its novelties, the Amendment introduces a cap on GHG emissions under the NZETS, in alignment with New Zealand's long-term targets. This means that every five years, the authorities will set a limit on the supply of the total GHG emission rights available under the NZETS.

### Electricity

In 2020, New Zealand's installed power generation capacity was 9,758 MW (almost unchanged since 2015). Hydropower plants account for over half of the country's total capacity (Table 4.4). As in the case of total energy consumption, the industrial and residential sectors are the main electricity consumers.

Table 4.4 New Zealand's installed power generation capacity, 2015-20

(MW)

| Year-end | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| --- | --- | --- | --- | --- | --- | --- |
| **Electricity-only plants** | | | | | | |
| Hydro | 5,426 | 5,426 | 5,426 | 5,426 | 5,434 | 5,434 |
| Geothermal | 1,212 | 1,207 | 1,207 | 1,231 | 1,231 | 1,265 |
| Biogas | 37 | 33 | 33 | 33 | 33 | 33 |
| Wind | 688 | 689 | 689 | 689 | 689 | 689 |
| Diesel | 180 | 180 | 180 | 183 | 183 | 191 |
| Coal/gas | 500 | 500 | 500 | 500 | 500 | 500 |
| Gas | 1,130 | 1,130 | 1,130 | 1,130 | 1,130 | 1,130 |
| **Subtotal** | **9,173** | **9,166** | **9,165** | **9,192** | **9,200** | **9,342** |
| **Cogeneration** | | | | | | |
| Gasa | 327 | 157 | 157 | 157 | 157 | 159 |
| Otherb | 259 | 259 | 263 | 263 | 263 | 257 |
| **Subtotal** | **586** | **416** | **420** | **420** | **420** | **416** |
| **Total** | **9,759** | **9,581** | **9,585** | **9,612** | **9,620** | **9,758** |

a Plants that run solely on natural gas are listed under "gas". Multi-fuelled plants that run partly on natural gas are listed under "other".

b Includes cogeneration by some multi-fuel or single-fuel biomass, coal, liquid fuel, and geothermal plants. It also includes multi-fuelled plants running partly on natural gas.

Source: Information provided by the authorities.

The electricity regulatory framework remained largely unchanged during the review period. The Electricity Industry Act 2010 (EIA), together with its implementing regulations[[372]](#footnote-372), provides a framework for the regulation of the electricity industry. The Electricity Industry Participation Code 2010 sets out the duties and responsibilities of industry participants and the regulator. The Commerce Act 1986 (Part 4) provides price-quality regulation for Transpower and other large distribution companies (i.e. 17 non-community owned distributors). Under the same Act, Transpower and all distributors are subject to information disclosure requirements.

New Zealand's electricity industry has four main components: generation, transmission, distribution, and retail. Around 95% of the country's electricity is generated by five companies. Three of these companies (Meridian Energy, Genesis Energy, and Mighty River Power) operate under a mixed ownership model in which the Government holds a majority 51% stake, while Contact and Trustpower are privately owned. There are no restrictions on private participation in the generation sector. Foreign investment in electricity generation is subject to the general provisions of the Overseas Investment Act 2005.

The state-owned enterprise Transpower owns and operates New Zealand's national electricity transmission system. The authorities indicate that any business may own and operate high voltage transmission assets, but Transpower's role as the electricity system operator is specified in the EIA. Transpower transmits most of New Zealand's electrical energy to 27 distribution companies throughout New Zealand. The electricity distribution sector has diverse ownership, including consumer cooperatives, territorial authorities, and private investment (including foreign owners). Foreign ownership is subject to the general provisions of the Overseas Investment Act 2005. Transpower also supplies electricity directly to some large industrial companies.

There are currently 31 electricity retailers in New Zealand, of which 5 are owned by the dominant electricity generating companies. However, these generator-retailers continue to dominate the retail market, with a 90% market share. A recent review of the electricity sector, the 2019 Electricity Price Review (EPR), indicated that the many independent retailers that have entered the sector face barriers to expanding their market share.[[373]](#footnote-373) Rules governing retail market conduct and wholesale contract market liquidity were subsequently amended to address this concern.

Electricity is traded on the wholesale market, which is coordinated by the Electricity Authority (the government regulator) and other organizations undertaking various roles (e.g. market administrator, pricing manager, clearing manager). The Electricity Authority is in charge of developing policy, code provisions, and systems for the buying and selling of wholesale electricity and for managing security of its supply. Generators make offers to supply electricity at approximately 52 grid injection points (where their power stations connect to the national grid), and retailers and major industrial users make bids to buy electricity at approximately 200 grid exit points.

Findings by the recent EPR show that residential power prices in New Zealand has risen by 48% since 2000 after adjusting for inflation, while prices for industrial and commercial clients remained largely flat during that period. These residential price increases were largely explained by increases in distribution charges.[[374]](#footnote-374) Wholesale and retail electricity prices are unregulated for all classes of consumers, except that retailers must offer households with below-average consumption a fixed charge tariff component not exceeding NZD 0.30 per day (variable tariff components are not regulated). These regulations are to be phased out over five years beginning in 2022. Electricity distribution enterprises are subject to price-quality regulation by the Commerce Commission, except 12 consumer-owned businesses that are exempt.

### Hydrocarbons

Hydrocarbons continue to be New Zealand's main source of primary energy and an important source of GHG emissions.

Oil production in New Zealand comes from both offshore and onshore fields. The country exports most of its oil production and imports a significant proportion of its oil requirement (Table 4.5). Its higher quality oil is sold at higher prices on the international market, mostly to Australia and Singapore. Crude oil is transported, either by pipe, ship, or truck, for export to refineries (predominately in Australia and Singapore) or for further processing and/or distribution in New Zealand.

Table 4.5 New Zealand's production, imports, and exports of oil and gas, 2015-20

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| **Crude, condensate, naphtha, and natural gas liquids (kt)** | | | | | | |
| Gross production | 1,862 | 1,572 | 1,400 | 1,085 | 1,121 | 964 |
| Imports | 5,120 | 5,291 | 5,491 | 4,949 | 5,127 | 3,728 |
| Exports | 1,966 | 1,530 | 1,312 | 1,078 | 1,091 | 901 |
| **Natural gas (PJ)** | | | | | | |
| Gross production | 217 | 221 | 216 | 187 | 195 | 190 |
| Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| Exports | 0 | 0 | 0 | 0 | 0 | 0 |

Note: kt is the abbreviation for 1,000 tonnes; PJ stands for petajoule or 278 gigawatt hours.

Source: Information provided by the authorities.

New Zealand's natural gas production is largely sold domestically (Table 4.5). Gas, once suitably purified, is compressed and then transported by pipe for distribution around the North Island. Liquid petroleum gas is also produced and then transported around the country by truck or gas bottles to be used domestically and commercially.

The upstream oil and gas industry is primarily governed by the Crown Minerals Act 1991 (CMA) and complemented by a network of laws and regulations.[[375]](#footnote-375) The Government owns all petroleum resources and associated hydrocarbons. A permit or licence is required to explore or mine petroleum, whether in-ground, in the Exclusive Economic Zone, or in the continental shelf. Under the Minister of Energy and Resources, New Zealand Petroleum and Minerals (NZP&M) is responsible for administering the permit regime, in accordance with the Crown Minerals Act 1991 and other related legislation. Foreign investment is generally allowed in the petroleum industry. However, approval is required for acquisition of "significant business assets" worth more than NZD 100 million, pursuant to the Overseas Investment Act 2005. In accordance with the applicable royalty regimes, all permit holders pay either an *ad valorem* royalty or an accounting profits royalty, whichever is higher in any given year. All licence holders pay royalty in accordance with their respective licence agreements.

Exploration permits are allocated on an annual tender process called Block Offer. NZP&M publishes annual block offers, making available a number of blocks for competitive tender on the international market. Petroleum companies bid applications are assessed on proposed work programmes and criteria, including their technical and financial capability to meet expected health, safety, and environmental requirements. The Resource Management Act 1991 regulates the environmental effects of minerals and petroleum activities on land and within the territorial sea, and imposes conditions to avoid, remedy, or mitigate adverse effects of such activities on the environment.

Under the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012, the Environmental Protection Authority (EPA) regulates the environmental effects of petroleum and minerals activities beyond the territorial sea. Consent is required from the EPA for such activities. In February 2019, the Crown Minerals Amendment Act 2019 entered into force. Under the Amendment, prior consent from the Ministry of Energy and Resources is required for ownership changes of petroleum and certain minerals permits. This applies only to transactions entered into after the Amendment's implementation.

In line with New Zealand's vision to address climate change and create a clean and sustainable economy, the Crown Minerals (Petroleum) Amendment Act 2018 provides that no further offshore oil and gas exploration permits will be granted. In addition, the Amendment further limits the award of new petroleum exploration permits to the onshore Taranaki Region only.

In 2019, the minerals and petroleum resource strategy for 2019-29 was adopted.[[376]](#footnote-376) It sets the Government's long-term vision for the minerals and petroleum sector to support New Zealand's transition to a carbon-neutral economy.

There are five fuel importers: BP, Mobil, Z Energy, Gull NZ, and Timaru Oil Services. Each wholesales fuel to independent retailers and distributes and retails through its own network of retail outlets. Gull NZ also imports and retails fuel, and since 2020 Timaru Oil Services imports and sells in the South Island. According to the authorities, no specific permit is required to import, manufacture, or sell fuels in New Zealand. Foreign investment in the sector is subject to the general provisions of the Overseas Investment Act 2005.

New Zealand's only oil refinery is at Marsden Point, Whāngārei, and is operated by the New Zealand Refining Company, a privately owned company. The refinery produces premium and regular petrol, diesel, automotive fuels, and kerosene for the New Zealand market. Over 90% of the oil it processes is imported and consists of low-grade (and relatively low-cost) Middle East crude oil. Most of the refinery's production is distributed via a 170 km pipeline. The balance is transported by coastal tanker and road to the rest of New Zealand. The refinery is expected to close operations in 2022 and convert to a product import terminal.

The Fuel Industry Act 2020 was passed in 2020 to improve the state of competition in the fuel marketing industry and promote transparency in retail fuel prices. Under terminal gate pricing rules, wholesale fuel suppliers must publish a spot price for fuel and are generally required to sell it to any wholesale customers that want it at that price. Wholesale contract rules limit the use of restrictive terms in wholesale contracts. The Act provides a process for wholesale fuel suppliers and their customers to resolve disputes about wholesale contracts and terminal gate price rules.

The quality of petrol and diesel sold in retail outlets is regulated under the Engine Fuel Specifications Regulations 2011. From 2022, the quality of marine fuels will also be regulated pursuant to Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL).

## Manufacturing

In 2019/20, the manufacturing sector accounted for 10.7% of GDP, and 8.6% of total employment. Manufactured products accounted for 17.8% of New Zealand's merchandise exports and 76.2% of imports in 2021. The food industry, in particular dairy and meat processing, and machinery remain the major manufacturing industries (Table 4.6). In general, production in the main manufacturing industries was stable during the review period, with a slight increasing trend.

Table 4.6 Manufacturing production by main subsector, 2015-20

(NZD million)

| Subsector | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| --- | --- | --- | --- | --- | --- | --- |
| Meat and meat product manufacturing | 1,875 | 1,700 | 1,917 | 1,894 | 2,138 | 2,351 |
| Seafood processing | 462 | 542 | 550 | 621 | 604 | 592 |
| Dairy product manufacturing | 3,715 | 4,164 | 1,808 | 2,997 | 3,071 | 3,764 |
| Fruit, oil, cereal, and other food product manufacturing | 2,108 | 2,242 | 2,424 | 2,678 | 2,486 | 2,676 |
| Beverage and tobacco product manufacturing | 2,346 | 2,539 | 2,415 | 2,532 | 2,713 | 2,754 |
| Textile, leather, clothing, and footwear manufacturing | 657 | 671 | 730 | 676 | 633 | 620 |
| Wood product manufacturing | 1,243 | 1,409 | 1,491 | 1,536 | 1,606 | 1,653 |
| Pulp, paper and converted paper product manufacturing | 594 | 701 | 676 | 757 | 852 | 642 |
| Printing | 693 | 655 | 716 | 676 | 676 | 662 |
| Petroleum and coal product manufacturing | 2,198 | 2,670 | 2,332 | 2,473 | 2,235 | 2,666 |
| Basic chemical and chemical product manufacturing | 1,181 | 1,319 | 1,467 | 1,477 | 1,467 | 1,417 |
| Polymer product and rubber product manufacturing | 1,296 | 1,303 | 1,345 | 1,402 | 1,508 | 1,528 |
| Non-metallic mineral product manufacturing | 1,095 | 1,115 | 1,139 | 1,178 | 1,208 | 1,145 |
| Primary metal and metal product manufacturing | 723 | 635 | 766 | 859 | 878 | 593 |
| Fabricated metal product manufacturing | 1,973 | 2,121 | 2,231 | 2,258 | 2,483 | 2,472 |
| Transport equipment manufacturing | 998 | 1,119 | 1,235 | 1,298 | 1,337 | 1,357 |
| Machinery and other equipment manufacturing | 3,067 | 3,233 | 3,363 | 3,569 | 3,781 | 4,115 |
| Furniture and other manufacturing | 641 | 671 | 778 | 761 | 789 | 841 |
| Total | 26,865 | 28,809 | 27,383 | 29,642 | 30,465 | 31,848 |

Source: Information provided by the authorities.

Over the first half of 2020, as a consequence of the COVID‑19 pandemic and related lockdowns, manufacturing production and sales fell by 12%.[[377]](#footnote-377) The largest fall in sales volume was recorded in the petroleum industry, followed by metal products. Essential goods in the meat and dairy industries weathered well during the crisis due to high international dairy prices and exports of these products. However, manufacturing production rapidly rebounded to pre-COVID-19 trend by the end of 2020. Low productivity growth continues to affect the sector's performance. The authorities note that labour productivity growth in the sector averaged 0.5% per annum between 2008 and 2020[[378]](#footnote-378), well below the whole economy's average of 0.9% (which is also low by international comparison). The small New Zealand market and the country's geographic isolation are among the factors driving low levels of productivity growth. Lack of technology diffusion and weak investments have also played a part.

The applied tariff in manufacturing is generally low and has been on a decreasing trend since 2009. In 2021, the average MFN tariff for manufacturing (ISIC 3) was 2.3% (2.5% in 2015). However, tariff rates for, *inter alia*, plastics, metals, textiles, footwear, and transport equipment remain higher than the sectoral average (Table A3.1).

The Government's approach to manufacturing aims to support more innovative industries and boost the sectoral productivity, sustainability, and inclusivity in key industries. To help realize the sector's potential, the authorities state that a strategic plan, the Advanced Manufacturing Industry Transformation Plan, is being developed.[[379]](#footnote-379) The Plan brings together all relevant parties around an industry to agree to a long-term vision for the sector and identify the actions that can be taken by industry, the Government, and others to realize this vision. The major pillars of the plan include growing innovation and investment, attracting and developing a high-skilled workforce, creating a leading sustainable and low-emissions sector, and enhancing global connectivity and opportunities.

As highlighted in the previous Review, New Zealand does not have a single incentive scheme exclusively dedicated to manufacturing activities. However, a number of programmes with broader economic objectives are of benefit to manufacturing companies (Section 3.3.1). These programmes are mainly delivered through two separate public entities, Callaghan Innovation (for innovation-oriented firms) and New Zealand Trade and Enterprise (NZTE) (an international business development agency). Callaghan Innovation's offerings include its Lean service, which provides workshops and coaching programmes to improve companies' competitiveness and performance, and its Research and Development Solutions Division, which provides services around product development, workshops, pilot plants, testing and failure analysis, near market research, and contracting R&D. The NZTE's International Growth Fund (IGF) assists firms that have the potential to contribute to New Zealand's long-term economic growth and acquire key capabilities for business growth.

In response to the COVID‑19 pandemic and its economic impact, companies in New Zealand, including those operating in the manufacturing sector, were given a number of support measures under a Wage Subsidy Scheme and a Leave Subsidy Scheme. Business advisory services were also increased so that firms were able to access advice and information on business disruption and response.

The main environmental measures in manufacturing consisted of the phase-down, under the NZETS, of all industrial allocations (free allocation of carbon emission rights) from 2021. Under the new system, the NZETS will reduce the amount of free allocation for every activity by 1% each year from 2021 to 2030, with greater reductions (2%) annually after 2030 and 3% annually after 2040.

## Services

### Financial services

The sector accounted for 6.2% of GDP in 2018/2019 (Chart 1.1) and 3% of total employment. The financial system is dominated by the banking industry, with assets totalling NZD 644 billion in 2021, i.e. some 86% of overall financial system assets. In contrast, capital markets remained less developed by international standards, with total market capitalization of equities at the New Zealand Stock Exchange of around NZD 182 billion, while the domestic bond market is around NZD 165 billion (excluding government debt). The managed fund industry is also small compared to banks, with around NZD 185 billion in assets under management. Furthermore, the banking system provides 94% of lending to the non-financial private sector in New Zealand. Together capital market funding (issuance of corporate bonds) and non-bank lending institutions (NBLIs) account for only 6%.[[380]](#footnote-380)

There were no changes to foreign participation conditions during the review period. The financial sector is subject to the general provisions of the Overseas Investment Act 2005 (Section 2.4). There are no sector-specific restrictions on foreign investment, with local and foreign financial institutions competing on the same conditions in the domestic market. All companies, domestic and foreign, have access to a range of financing options in the local market. New Zealand does not apply a capital gains tax but has a bright-line test requiring people who buy and sell a residential property less than 10 years apart (other than as their main home) to pay income tax on any profit.

There is no restriction on cross-border supply of financial services, including insurance relating to transport and transit of goods; reinsurance and retrocession and services auxiliary to insurance; provision and transfer of financial information and financial data processing and related software; advisory, intermediation, and other auxiliary financial services; and certain electronic payment and portfolio management services.

The Reserve Bank of New Zealand (RBNZ) is responsible for promoting the maintenance of a sound and efficient financial system. To help achieve this, the RBNZ regulates and supervises banks and insurers, regulates non-bank deposit takers[[381]](#footnote-381), and oversees financial market infrastructures (FMIs).

A Council of Financial Regulators is in place to facilitate cooperation between the RBNZ (banks and insurance regulators), the Financial Markets Authority (FMA) (the capital markets regulator), and other government departments involved in financial regulation.

The Anti-Money Laundering and Countering Financing of Terrorism Act (AML/CFT) 2009 seeks to contribute to public confidence in New Zealand's financial system and bring New Zealand's approach to detecting and deterring money laundering and terrorism financing in line with international standards.[[382]](#footnote-382) The Act provides a regime for the supervision, monitoring, and enforcement of AML/CFT obligations by the RBNZ, the FMA, and the Department of Internal Affairs. It also put in place a set of requirements relating to customer due diligence, account monitoring, and suspicious transaction reporting. The AML/CFT Act was amended in 2018 to extend the coverage of the legislation to capture designated non-financial businesses and professions, e.g. lawyers.

On 9 July 2021, a new set of regulations on AML/CFT came into force.[[383]](#footnote-383) Some of the changes introduced by the amendment regulations provide clarification to the existing regulations and exemptions. The amendment regulations also expand and amend reporting entities' customer due diligence obligations to establish whether their customer (a company) has any nominee directors, nominee shareholders, or nominee general partners; verify information about such persons in the prescribed manner; and, where such nominees exist, undertake enhanced customer due diligence.

The main challenges facing New Zealand's financial sector include the rapid increase in housing prices over the past 18 months to above what appears to be sustainable, increasing the chance of a correction. Also, recent buyers are borrowing more relative to their income, and may be vulnerable to higher mortgage rates or a fall in house prices. Another important risk is that posed by climate change. The RBNZ sees climate change as a risk to financial stability, given its associated physical and transitional risks. In recent years, for example, the costs of weather-related catastrophes in New Zealand have been rising. During the review period, New Zealand experienced some of its most costly tornados, floods, hailstorms, and fires. For insurance companies, this implies increasing claims[[384]](#footnote-384), leading to situations where insurance cover might become more expensive or unavailable, as it would no longer be commercially viable.

For banks, this will mean increased risks to the properties they rely on as collateral.[[385]](#footnote-385) There will also be an increased risk of default, for example, by agricultural borrowers dealing with the impacts of increasingly extreme weather, such as droughts. In that respect, financial authorities are looking to introduce a mandatory climate-related financial disclosure for financial entities. In October 2021, the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill was passed and received Royal Assent. It aims to make climate-related disclosure mandatory for several entities, including large listed companies with a market capitalization of more than NZD 60 million; and large licensed insurers, registered banks, credit unions, building societies, and managers of investment schemes with more than NZD 1 billion in assets. The aim is to ensure that businesses factor the effects of climate change into their business decisions.[[386]](#footnote-386) The Government has tasked the External Reporting Board (XRB), an independent Crown entity responsible for accounting, auditing, and assurance standards in New Zealand, with developing reporting standards to support the new reporting regime. The first climate standard is expected in December 2022.

#### Banking

There are currently 27 registered banks (up from 25 in 2014) (Table 4.7). The four large Australian-owned banks (ANZ Bank, ASB Bank, Bank of New Zealand, and Westpac New Zealand) hold 85% of bank lending, and the five New Zealand-owned banks account for 9%, illustrating that New Zealand's overall banking industry continued to be dominated by these four institutions, also classified as the country's domestic systemically important banks (D-SIBs). However, the RBNZ's November 2021 Financial Stability Report indicates that concentration across key bank lending and deposit markets has been gradually decreasing. Domestic-owned banks have increased their market shares in the residential mortgage lending and household deposit markets over the past two decades.

Table 4.7 Registered banks, 2022

|  |  |  |
| --- | --- | --- |
| Bank | Ultimate parent | Country of parent |
| Australia and New Zealand Banking Group Limited | Branch | Australia |
| ANZ Bank Limited | Australia and New Zealand Banking Group Limited | Australia |
| Commonwealth Bank of Australia | Branch | Australia |
| ASB Bank Limited | Commonwealth Bank of Australia | Australia |
| Bank of New Zealand | National Australia Bank | Australia |
| Bank of Baroda (New Zealand) Limited | Bank of Baroda | India |
| Bank of China (New Zealand) Limited | Bank of China | China |
| Bank of China Limited | Branch | China |
| Bank of India (New Zealand) Limited | Bank of India | India |
| Citibank N.A. | Branch | United States |
| China Construction Bank (New Zealand) Limited | China Construction Bank | China |
| China Construction Bank Corporation | Branch | China |
| Heartland Bank Limited | Hearthland New Zealand Limited | New Zealand |
| Industrial and Commercial Bank of China (New Zealand) Limited | Industrial and Commercial Bank of China | China |
| Industrial and Commercial Bank of China | Branch | China |
| JPMorgan Chase Bank, N.A. | Branch | United States |
| Kiwibank Limited | New Zealand Post Limited | New Zealand |
| Kookmin Bank | Branch | Korea, Rep. of |
| Rabobank Nederland | Branch | Netherlands |
| Rabobank New Zealand Limited | Rabobank Nederland | Netherlands |
| Southland Building Society | SBS Group | New Zealand |
| The Bank of Tokyo-Mitsubishi Limited | Branch | Japan |
| The Co-operative Bank Limited | Cooperative | New Zealand |
| The Hong Kong and Shanghai Banking Corporation Limited | Branch | United Kingdom |
| TSB Bank Limited | TSB Community Trust | New Zealand |
| Westpac Banking Corporation | Branch | Australia |
| Westpac New Zealand Limited | Westpac Banking Corporation | Australia |

Source:RBNZ, *Register of Registered Banks in New Zealand*. Viewed at: <https://www.rbnz.govt.nz/regulation-and-supervision/banks/register>.

In general, banks' asset quality was high during the review period. The proportion of non‑performing loans (NPLs), which was 0.9% in 2014, was on a decreasing trend until 2019, but deteriorated in 2020 due to the COVID‑19 pandemic (Table 4.8). Industries most affected by COVID‑19 restrictions, such as hospitality, tourism, and transport, experienced higher than average NPLs. However, in 2021, NPLs returned to the low levels seen before the COVID‑19 pandemic (0.45%).[[387]](#footnote-387) Most of the mortgage borrowers who during the initial lockdown in 2020 temporarily deferred their payments, or switched to interest-only, have returned to making principal repayments. Further, the share of borrowers on banks' hardship programmes remains low, despite the COVID‑19 pandemic. Banks' profitability was relatively high but fell slightly in 2020 due to impairment charges. Tier 1 capital ratios were also high and exceeded regulatory minimums during the review period, and increased further in 2021 (15.4%), as banks retained their earnings.

Table 4.8 Banking sector indicators, 2015-20

|  | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| --- | --- | --- | --- | --- | --- | --- |
| Number of registered banks | 25 | 24 | 25 | 26 | 26 | 27 |
| Total assets (NZD million) | 479,146 | 510,213 | 525,954 | 548,961 | 583,613 | 634,012 |
| Total income (NZD million) | 12,409 | 12,713 | 13,076 | 13,868 | 14,059 | 13,632 |
| Net interest income (NZD million) | 9,411 | 9,725 | 9,919 | 10,708 | 10,812 | 10,969 |
| Operating expenses as a % of total income | 40.56 | 42.24 | 41.55 | 40.21 | 43.02 | 46.17 |
| Net profit after tax (NZD million) | 5,072 | 4,961 | 5,406 | 5,766 | 5,540 | 4,302 |
| Return on assets (ROA) (%) | 1.10 | 0.99 | 1.05 | 1.07 | 0.98 | 0.70 |
| Return on equity (ROE) (%) | 15.22 | 13.90 | 14.47 | 13.95 | 12.84 | 9.30 |
| Total capital (as a % of risk‑weighted assets)a | 13.46 | 13.69 | 14.71 | 14.98 | 14.36 | 15.25 |
| Tier 1 capital (as a % of risk‑weighted assets) | 12.05 | 12.41 | 13.59 | 13.87 | 13.50 | 14.32 |
| Tier 2 capital (as a % of risk‑weighted assets)a | 1.41 | 1.28 | 1.12 | 1.11 | 0.86 | 0.93 |
| Impaired assets/gross lending (%) | 0.39 | 0.40 | 0.40 | 0.33 | 0.41 | 0.38 |
| Non-performing loans/gross lending (%) | 0.55 | 0.54 | 0.54 | 0.47 | 0.59 | 0.60 |
| Specific provisions/impaired assets (%) | 34.00 | 26.43 | 22.06 | 25.13 | 19.91 | 27.06 |

a Locally incorporated banks only. Overseas-incorporated banks are required to calculate capital and risk-weighted credit exposures in accordance with the requirements in their home jurisdiction; therefore they are not directly comparable.

Source: Information provided by the authorities.

Non-bank deposit-taking institutions (NBDTs) account for a relatively small part of the New Zealand financial system. In 2021, there were 18 NBDTs operating in New Zealand, which include building societies, credit unions, and deposit-taking finance companies. NBDTs play an important role in financial inclusion by serving communities that may traditionally be under-serviced by the banking system.

Throughout the early stages of the COVID‑19 pandemic, the RBNZ undertook a number of regulatory actions to ensure that banks had sufficient headroom to continue to support borrowers. These included providing temporary funding and liquidity support, delaying planned increases to capital requirements to July 2022 (instead of July 2021), suspending bank dividend payments until at least July 2022, and temporarily adjusting loan-to-value ratio and core funding ratio (CFR) policies. However, in March 2021, the RBNZ eased the dividend restrictions placed on retail banks at the height of the COVID‑19 pandemic, allowing banks to pay up to a maximum of 50% of their earnings as dividends to their shareholders.

The banking sector is regulated by the RBNZ under the Reserve Bank of New Zealand Act 1989. The Act empowers the RBNZ to register and supervise banks for the purposes of promoting a sound and efficient financial system and avoiding significant damage to the system in the event of distress or bank failure. The authorities indicate that the Reserve Bank of New Zealand Act 1989 is being amended by the Reserve Bank Act 2021. The new Act will come into effect in July 2022. The Reserve Bank Act 2021 covers the governance and non-prudential functions of the RBNZ, including monetary policy and the RBNZ's role as lender of last resort for the financial system. In addition, banks are subject to the Credit Contracts and Consumer Finance Act 2003, administered by the Commerce Commission, which requires creditors to disclose all aspects of credit contracts (e.g. fees, charges, and interest).

Both locally incorporated entities and bank branches incorporated overseas may apply for registration. There is no upper limit on the number of registered banks and no restrictions on the scope of financial services that a bank may provide. However, a banking group is not permitted to conduct material non-financial activities and insurance businesses in excess of 1% of total consolidated group assets. Only entities whose business substantially consists of borrowing and lending money or providing other financial services may be registered as banks. They must have a proven ability to conduct their business in a prudent manner and an appropriate standing in financial markets. The RBNZ considers both qualitative and quantitative criteria in the registration process.

New Zealand-incorporated banks must have a total capital of not less than NZD 30 million and meet the following capital ratio requirements and buffers in accordance with Basel III: (i) a minimum ratio of 6% of Tier 1 capital to risk-weighted assets, and a minimum of 8% total capital ratio; (ii) a common equity Tier 1 capital ratio of not less than 4.5%; and (iii) a prudential capital buffer (PCB) of at least 2.5%, resulting in a total capital ratio of at least 10.5%. The RBNZ has the power to apply an additional counter-cyclical capital buffer under certain circumstances. In 2019, the RBNZ decided on an increase in capital ratios of banks. The increase in capital is set to be phased in over a seven‑year period, starting from July 2022 (initially July 2021). By the end of the transition period in 2028, New Zealand's D-SIBs will be required to have a common equity Tier 1 capital ratio of 4.5%, a Tier 1 capital ratio of 7%, and a total capital ratio of at least 18%, i.e. a total capital ratio of 9%, and a PCB of at least 9%.[[388]](#footnote-388) All other registered banks will be required to have a CET1 capital ratio of 4.5%, a Tier 1 capital ratio of 7%, and a total capital ratio of at least 16%, i.e. a total capital ratio of 9%, and a PCB of at least 7%.

Locally incorporated banks must hold liquidity buffers that satisfy the one-week and one‑month mismatch ratios. In 2013, the RBNZ adopted a model under which it was required to comply with a minimum CFR that requires that at least 75% of total funding must come from liabilities other than short-term debt, such as retail deposits, long-term wholesale borrowing, and bank capital. On 2 April 2020, in the context of COVID‑19 pandemic, the RBNZ temporarily reduced the minimum CFR requirement from 75% to 50% to support banks' lending to the economy. On 1 January 2022, the minimum CFR requirement was increased to its previous level of 75%.

Banks must submit monthly reports on liquidity risk to the RBNZ, using a standard template, displaying their minimum ratios, a breakdown of liquid assets held, comprehensive data on cash inflows and outflows broken down by maturity, details of new funding raised over the latest month, and the cost of that funding.

An overseas-incorporated entity wishing to register as a branch in New Zealand must have bank status in its home jurisdiction and the approval of its home supervisor to carry out banking activities in New Zealand. Overseas bank branches are not subject to minimum capital requirements, but the parent bank must demonstrate that it meets the prudential requirements, including minimum capital standards imposed on it by its home supervisor. However, the RBNZ may require a foreign bank to operate through a locally incorporated entity, rather than a branch in certain circumstances, i.e. when the bank is systemically important, when the bank intends to take retail deposits in New Zealand and there is depositor protection in the bank's home jurisdiction, or when supervisory arrangements (including disclosure requirements) and market disciplines in the home jurisdiction are deemed inadequate. The RBNZ is currently reviewing its policies relating to the registration of overseas-incorporated banks, with the objective of improving the consistency and clarity of the prudential requirements applying to banks operating under a branch model, and ensuring these are consistent with the RBNZ's financial stability mandate and risk appetite. The related consultation process was launched in October 2021 and will be concluded in March 2022.[[389]](#footnote-389)

The RBNZ closely monitors banks' compliance with the prudential supervision regime but does not guarantee banks against failures. There were no bank failures or use of bank crisis management powers during the review period. Under current legislation, there is no formal deposit guarantee scheme.

On 29 May 2018, the RBNZ launched theBank Financial Strength Dashboard (the Dashboard), an innovative online tool for sharing prudential and financial information on New Zealand‑incorporated banks.[[390]](#footnote-390) It makes prudential information easily accessible and comparable and aims to strengthen the market discipline of banks. The Dashboard is updated quarterly and is based on information provided by banks to the RBNZ.

The Non-Bank Deposit Takers Act 2013 provides a stand-alone framework for the prudential regulation of the NBDT sector. The Act incorporates prudential requirements and provisions on licensing, fit and proper requirements for directors and senior officers, changes of ownership, and investigation and enforcement. NBDTs are subject to regulatory requirements including capital adequacy, liquidity, related-party lending, governance, risk management, and credit rating obligations. According to the authorities, a proposed Deposit Takers Bill is expected to be passed in 2023, and is intended to provide for prudential regulation, establishing a single standards-based regime for the regulation and supervision of banks and NBDTs. It also provides for the introduction of deposit insurance, with a limit of NZD 100,000 per customer per institution. Finally, it will include a revised set of crisis management powers, including a "no creditor worse off" safeguard.

#### Insurance

There are 88 licensed insurers currently operating in New Zealand, with approximately NZD 12 billion in gross premiums. Foreign-owned insurers account for 77% of gross premiums. Not all insurers that operate in New Zealand are required to be licensed. The largest non-licensed insurers are government-owned. Based on gross premium revenue in 2020, general insurance constitutes 62% of gross premiums, with 23% for life insurance and 15% for health insurance.[[391]](#footnote-391)

Insurers seeking to carry out insurance business in New Zealand must be licensed under the Insurance (Prudential Supervision) Act 2010 (IPSA), which sets out a regulatory and prudential requirements framework. There have been no recent changes to requirements under IPSA and associated regulations and standards. The following government-owned general insurers are not subject to the insurance regulatory and prudential requirements: the Accident Compensation Corporation, the Earthquake Commission (co-insurer of residential dwellings for certain natural disasters), and Southern Response Earthquake Services. The Accident Compensation Corporation is the government provider of personal injury insurance; it is a statutory monopoly (although some large employers can contract out and cover their employees for work-related accidents), with its own legislation and is overseen by the MBIE and the Treasury. The Earthquake Commission is a monopoly provider of nationwide residential insurance for land and dwellings; it has its own legislation and is overseen by the Treasury. Southern Response is a run-off insurer for covered insurance claims arising from the Canterbury earthquake events between 2010 and 2012; it is overseen by the Treasury.

Licensed insurers may provide more than one type of insurance (life, general, health) through the same entity. However, almost all life insurers are required to establish a statutory fund to legally separate and better protect life insurance policyholders. Licensed insurers can have dealings with related parties (with higher risk charges for solvency calculations); they can conduct any non‑insurance business within the insurer and can provide insurance in New Zealand and in other countries from within the same entity.

Insurers (domestic or foreign-owned) must: (i) have the ability to carry on its business in a prudent manner; (ii) have a satisfactory fit and proper policy for directors and certain senior officers; (iii) have a proper risk management programme; (iv) be registered or qualify to be registered as a financial services provider; (v) unless exempted, have a current financial strength rating from an approved rating agency (currently S&P, AM Best, and Fitch); (vi) comply with all conditions of licence; and (vii) comply with any other relevant legislation (including anti-money laundering as applicable). Solvency requirements may be on the New Zealand basis or on the home jurisdiction basis for those branches that are exempted from New Zealand requirements.

In December 2014, the RBNZ issued a set of Insurance Solvency Standards that were further amended in 2018. The Standards specify the capital requirements for licensed insurers carrying on life insurance and non-life insurance businesses, methods for calculating and reporting solvency and related matters of a licensed insurer, and disclosure of solvency-related information. Unless exempted, there is a minimum capital amount of NZD 5 million for life insurance and NZD 3 million for non-life insurance. In 2020, the RBNZ began a review of the Insurance Solvency Standards. An updated, interim solvency standard is expected to be issued late in 2022, followed by a final standard one or two years later.

The effects of climate change have started to impact the New Zealand insurance market. In terms of nominal value of insurance claims, the five most expensive calendar years for weather event claims were the last five years (i.e. 2017-21 inclusive). The mostly costly individual events for various types of weather have also been recent – tornado (2021), floods (2021), hailstorms (2019), and wildfires (2020). According to the authorities, the weather-related losses, as well as the much larger earthquake losses in 2010, 2011, 2013, and 2016, have contributed to large increases in property insurance premium rates in recent years.

#### Other financial services

The capital market of New Zealand is small but has been growing in recent years with an increase in managed funds. The listed stock market capitalization was 54% of GDP in September 2021, and the total amount of bonds outstanding in the local market was 49% of GDP (excluding government bonds).[[392]](#footnote-392) The bond market is dominated by central government issues and financial institutions.[[393]](#footnote-393)

The Financial Markets Conduct Act 2013 (FMCA) continues to be the principal act that regulates financial conduct in the capital markets. It governs the way financial products are offered, promoted, issued, and sold. The FMCA was progressively brought into force from April 2014. Although the new regime was in effect on 1 December 2014, most regulated entities had until 1 December 2016 to transition to the new regime. The FMCA established, *inter alia*, a licensing regime for fund managers, independent trustees, derivatives issuers, and providers of crowd funding, peer-to-peer lending and discretionary investment management services. It is not possible to perform any of these services without a licence granted by the FMA, the regulator.

The Financial Advisers Act 2008 (FAA) requires all providers of finance advice or brokering services to retail clients in New Zealand to comply with disclosure, competency, and conduct obligations. The FAA also requires all financial advisers to be registered; those who advise on more complex financial products must generally be authorized by the FMA.

The Financial Services Legislation Amendment Act 2019 was passed into law on 8 April 2019; it introduces, from 15 March 2021, a new regulatory regime for financial advice and repeals the Financial Service Providers (Registration and Dispute Resolution) Act 2008. It amends the FMCA and also makes changes to the registration requirements for the Financial Service Providers Register.[[394]](#footnote-394) Under the new regulatory regime, anyone giving regulated financial advice to retail clients will need to prioritize the interests of their clients, comply with a code of conduct, and operate under a licence granted by the FMA. The changes are also designed to submit all advisers (such as Registered Financial Advisers, Authorised Financial Advisers, and Qualified Financial Entity adviser) to the same standards and code of professional conduct for financial advice services; allow financial advice to be provided online, as well as in person; and set industry-wide standards for conduct and competence.[[395]](#footnote-395)

Another change during the review period consisted of the adoption on 30 August 2019 of the Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Act 2019. The Act enables compliance with foreign margin requirements for over-the-counter derivatives and introduces a licensing regime for administrators of financial benchmarks under the Financial Markets Conduct Act 2013.[[396]](#footnote-396)

New Zealand's Exchange (the NZX) operate New Zealand's capital, risk, and commodity markets. Listed issuers whose securities are quoted on one of NZX's licensed markets are subject to the Listing Rules applicable to that market and the FMC Act. The Listing Rules set out a number of obligations for issuers, including obligations to prepare and deliver annual reports to the NZX that contain certain prescribed information, and to make a preliminary announcement to the market after the end of each financial year or half year.

The Financial Market Infrastructures Act (FMI Act) was passed in May 2021. It establishes a new framework for regulation and supervision of FMIs, namely systems used for clearing, settling, or recording payments; personal property; and other transactions within the financial system. Under the Act, the RBNZ and the FMA will be joint regulators of most FMIs, including central securities depositories, securities settlement systems, central counterparties, and trade repositories. The RBNZ will be the sole regulator of payments systems under the new regime. The transition period is expected to run until December 2022.

### Telecommunications

#### General features and market structure

The main trends highlighted in the previous Review continued to prevail in telecommunications. The number of fixed-line telephone connections continued to decline, as mobile services became increasingly more attractive. At end-June 2020, there were 1.79 million fixed-line connections, down from 1.85 million at end-June 2013. The number of mobile connections grew during the same period, and the number of mobile subscribers with pre-paid connections remained on a downward trend (Table 4.9). While mobile retail revenues increased steadily, in general, the revenue from telecommunications activities fluctuated within a tiny margin during the review period.

Table 4.9 New Zealand telecommunications snapshot statistics, 2013/14-2019/20

|  | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Total industry metrics** | | | | | | | |
| Total telecommunications retail revenue (NZD billion) | 5.17 | 5.11 | 5.28 | 5.37 | 5.42 | 5.32 | 5.12 |
| Total telecommunications investment (NZD billion) | 1.69 | 1.77 | 1.59 | 1.58 | 1.66 | 1.71 | 1.61 |
| **Fixed-line metrics** | | | | | | | |
| Fixed lines (million) | 1.85 | 1.86 | 1.87 | 1.79 | 1.76 | 1.85 | 1.79 |
| Total fixed broadband connections (million) | 1.41 | 1.45 | 1.50 | 1.58 | 1.65 | 1.70 | 1.76 |
| Fixed-line broadband connections per 100 population | 31.6 | 32.0 | 32.5 | 32.9 | 33.7 | 34.4 | 34.6 |
| Fixed monthly data use per broadband connection (GB) | 32 | 48 | 69 | 117 | 172 | 207 | 284 |
| Fixed wireless ('000) | 24 | 20 | 27 | 122 | 165 | 191 | 221 |
| Chargeable fixed voice call minutes (billion) | 5.13 | 4.66 | 4.34 | 3.44 | 3.10 | 2.72 | 2.44 |
| Total fixed-line retail revenues (NZD billion) | 2.68 | 2.58 | 2.60 | 2.62 | 2.58 | 2.49 | 2.39 |
| **Mobile metrics** | | | | | | | |
| Mobile connections (million)a | 5.6 | 5.8 | 6.1 | 6.4 | 6.4 | 6.0 | 6.2 |
| Active mobile connections per 100 population | 124 | 127 | 129 | 134 | 131 | 122 | 122 |
| Share mobile pre-paid (%) | 63.6 | 62.3 | 60.7 | 60.3 | 58.1 | 52.7 | 51.8 |
| Average monthly mobile data usage (GB) | 0.32 | 0.47 | 0.72 | 1.25 | 2.04 | 2.75 | 3.29 |
| Mobile voice call minutes (billion) | 5.30 | 6.63 | 7.81 | 8.77 | 9.34 | 9.41 | 10.1 |
| SMS messages sent (billion) | 12.0 | 12.1 | 11.3 | 9.2 | 8.8 | 8.1 | 7.3 |
| Total mobile retail revenues  (NZD billion) | 2.49 | 2.54 | 2.68 | 2.75 | 2.83 | 2.83 | 2.74 |

a Pre-pay connections for all years are counted as those active in the prior six months.

Source: Commerce Commission (2021), *Annual Telecommunications Monitoring Report: 2020 Key Facts*. Viewed at: <https://comcom.govt.nz/__data/assets/pdf_file/0030/247377/2020-Annual-Telecommunications-Monitoring-Report-Revised-version-16-March-2021.pdf>.

The COVID‑19 crisis affected the telecommunications sector through several channels. It accelerated growth in fixed broadband data usage, as average fixed broadband usage per month increased by 77 GB in 2020 to 284 GB (a growth rate of 37% compared to 2019 when the growth rate was 15%). In the mobile communications industry, travel restrictions led to total mobile roaming revenue dropping 15% to NZD 96.6 million in the year ending 30 June 2020. Revenue from domestic customers roaming overseas fell by 20%, while revenue from subscribers of overseas networks roaming in New Zealand increased 2% in 2019.[[397]](#footnote-397)

New Zealand's telecommunications sector hosts a number of privately owned companies. The state investment is used, in complement to private investments, to provide infrastructure. Under the Government's Ultra-Fast Broadband (UFB) initiative, Crown Infrastructure Partners (CIP) is an agency in place to manage government investments to provide 85% of New Zealanders with broadband connections offering 100 Mbps download speeds and 50 Mbps upload speed. To deploy a fibre network under the UFB programme, CIP entered into contracts with Chorus, Tutahi First Fibre, Northpower, and Enable Services Limited (ESL). The most-used UFB service types in New Zealand are Gigabit Passive Optical Network (GPON) and Point to Point (P2P). Chorus is contracted by the Crown for deploying about 70% of the UFB network infrastructure and owns the copper line network throughout New Zealand. Chorus is a publicly listed company. The Crown provided investment funding for the UFB programme through equity and debt instruments with Chorus and three other fibre companies (Tutahi First Fibre, Northpower, and ESL) deploying the UFB infrastructure. The four companies act as wholesalers for broadband connectivity, with Retail Service Providers (RSPs) providing services to end-user customers. The wholesaler companies are prohibited from providing retail services. The Telecommunications (New Regulatory Framework) Amendment Act 2018 has provisions allowing Chorus to withdraw wholesale copper services only in areas where fibre already exists under certain conditions. In areas where fibre is not currently available, Chorus must continue to supply wholesale copper services. A Copper Withdrawal Code sets out the minimum requirements Chorus must meet before it can stop providing wholesale copper phone and broadband services.[[398]](#footnote-398) The retail market for UFB services is competitive, with numerous RSPs providing services on the network.

There are three major international fibre submarine cables: (i) the Southern Cross Cable, the only major cable in New Zealand between 2000 and 2018, and owned by Southern Cross Cables Limited, a partnership between telecommunications providers in New Zealand, Australia, and the United States; (ii) the Tasman Global Access, connecting New Zealand to Australia, and owned by Spark, Vodafone, and Telstra; and (iii) the Hawaiki Submarine Cable, connecting New Zealand to the United States; whose development was supported by the Government in 2018.

Spark New Zealand is the major player in the fixed-line market, providing nationwide voice and broadband services over the copper-wire network. Vodafone owned the cable broadband network covering much of Wellington and Christchurch and also used unbundled copper-wire local loops and resale services to offer fixed-line retail services in other parts of the country. Other telecommunications retailers also access Chorus's copper lines and electronic equipment to provide broadband services. As at end-March 2020, the estimated shares of the retail fixed-line broadband market by connection were Spark (including its sub-brand Skinny) (40%), Vodafone (21%), Vocus (13%), 2degrees (7%), Trustpower (6%), and others (13%).[[399]](#footnote-399)

The mobile networks are owned by Spark, Vodafone, and 2degrees.[[400]](#footnote-400) Alongside these mobile network operators, there are a small number of mobile service providers that operate as mobile virtual network operators (MVNOs). In 2020, both Spark and Vodafone had 40% of total mobile connections, followed by 2degrees (19%); the aggregate share of the MVNOs was 1.4%. Most mobile service providers in New Zealand use predominantly 3G or 4G networks.

Vodafone launched New Zealand's first 5G network in December 2019 in parts of Auckland, Wellington, Christchurch, and Queenstown. In May 2020, spectrum rights for 5G networks were allocated through a direct allocation process. Offers were made to Dense Air (a United Kingdom‑based company), Spark, and 2degrees. Vodafone has already enough mid‑band spectrum. While Spark currently has 5G locations in Auckland, Christchurch, Hamilton, Dunedin, New Plymouth, and Palmerston North, it announced in August 2021 that it will invest an additional NZD 35 million to accelerate its 5G roll-out to deliver 5G coverage to approximately 90% of the population by the end of 2023. According to the authorities, all three major mobile network operators have commenced deployment of 5G cellular network infrastructure. A draft strategy on the management of spectrum for the next five years published by the Government is currently being publicly consulted.[[401]](#footnote-401)

In 2019, the Commerce Commission published a study on New Zealand mobile markets to better understand the state of competition. It highlighted the fact that increased competition has contributed to improved outcomes for consumers through lower prices, increasing quality, and greater choice of services.[[402]](#footnote-402)

According to the 2020 Annual Telecommunications Monitoring Report, in 2020, New Zealand's mobile prices were below the OECD average for the entry-level and medium-user categories, but above the OECD average for the high-user and ultra-high-user categories. The average price of high-speed fixed broadband plans dropped in 2020 but remained higher than the OECD average; the ultra-high-user category is the only broadband and voice bundle category where New Zealand prices are cheaper than the OECD average. The authorities indicate that mobile termination is self-regulated through commercial contracts between network operators.

#### Regulatory regime

The sector continued to be governed by the Telecommunications Act 2001 and associated regulations. However, on 18 April 2017, the Act was amended, through the Telecommunications (Property Access and Other Matters) Amendment Act 2017, to make it easier for people living in multi-unit building or those using a shared driveway to connect to UFB in cases involving shared property. The Amendment also sets out fibre installation methods and requirements that enable the new property access regime. It also created a dispute resolution scheme to deal with contentious issues involving property owners and consumers to use. In July 2017, the Minister for Communications appointed Utilities Disputes Limited as the approved scheme provider.[[403]](#footnote-403)

In addition, on 12 November 2018, the Telecommunications (New Regulatory Framework) Amendment Act 2018 reformed the wholesale fibre services, through establishing a new regulatory framework for UFB fibre; the deregulation of copper fixed-line access services in areas where fibre services are available to consumers, while retaining regulation in areas where fibre is not available; and the increase of regulatory oversight to improve quality of service.[[404]](#footnote-404)

The institutional framework did not change during the review period. The MBIE is responsible for establishing the telecommunications regulatory environment, including setting the rules within which telecommunications companies operate and for the product compliance framework. The Commerce Commission is responsible for overseeing competition in the telecommunications market and regulating certain telecommunication services. It can recommend that services be regulated or deregulated. The Commission may also set the terms and conditions (including prices) for regulated services through Standard Terms Determinations. It also has powers to request that industry-wide services (e.g. number portability) be made available, impose information disclosure requirements, and enforce structural remedies such as separation. The Minister for Communications can accept or reject the Commission's recommendations as to whether a service should be regulated or deregulated and transmit a "statement of economic policy" to which the Commission must have regard. The industry, acting through the New Zealand Telecommunications Forum (TCF), has the statutory function to develop telecommunications access codes for regulated services, which once approved by the Commerce Commission become binding on all industry. The TCF is also involved in developing industry standards and voluntary codes of practices and facilitates dialogue on industry issues of common interest.

There are no restrictions on foreign investment in private telecommunications firms, other than the provisions of the Overseas Investment Act 2005 (Section 2.4). However, the Constitution of Chorus provides that no person who is not a New Zealand national shall have more than 49.9% of the total voting shares of Chorus without the prior written approval of the Crown, and at least half of the board of directors must be New Zealand citizens. There are no-company specific restrictions on investment in Spark New Zealand.

New Zealand does not impose licensing requirements for entry into the telecommunications business market and control over retail prices is minimal. However, there are regulatory measures in place for access to the networks of major suppliers. The MBIE is responsible for making radio spectrum frequency bands available for new uses, including bands for the 5G network.

#### Digital inclusion and cybersecurity

COVID‑19 further surfaced social inequality in digital access. With essential services like health and education forced online, those without access were disadvantaged. The Government has made a major contribution to reducing the digital divide in recent years, in terms of access to telecommunications services. In 2018, the second phase of the Rural Broadband Initiative (RBI2), a public programme, was announced to provide fast broadband to the greatest number of the identified 84,000 under-served rural homes and businesses.[[405]](#footnote-405) In addition, as mobile coverage currently covers areas where some 95% of New Zealand's population lives and works, the Mobile Black Spots Fund (MBSF) also launched in 2018, aims to improve the availability of mobile services on state highways and at key tourist destinations, which do not currently have coverage from any mobile operator. Contracts totalling around NZD 130 million are in place under RBI2 and MBSF.[[406]](#footnote-406) The Rural Connectivity Group (RCG), a joint venture comprising the three major mobile operators in partnership with CIP[[407]](#footnote-407) was established as the infrastructure provider under the RBI2 and MBSF programmes. The Government committed to provide broadband access to 99.8% of the population by 2023.

In general, a portion of New Zealand's telecommunications infrastructure is funded from the Telecommunications Development Levy, an industry levy collected from telecommunications providers to deliver services not available commercially or otherwise at an affordable price. The Commerce Commission proportionately allocates the Levy amount annually to qualifying telecommunications providers that earned more than NZD 10 million in telecommunications revenue in the preceding financial year. The list of qualifying liable companies is published by the Commerce Commission at the end of June each year.

In March 2019, the Government released a blueprint setting out the role for the Government in building a digitally inclusive New Zealand. The blueprint defines being included as having convenient access to, and the ability to confidently use, the Internet in the immediate term.[[408]](#footnote-408)

Increasingly diverse Internet applications, such as through the Internet-of-Things (IoT), progressively gained importance during the review period. In 2016, for example, one IoT network specialist (KotahiNet) began operations. In 2017, two mobile network operators (Vodafone and Spark) announced the roll-out of various networks for the IoT.

As telecommunications technologies continue to develop, and connectivity continues to support New Zealand's social and economic environment, the importance of protection against cyber threats also increases in number, scope, and scale. In 2020, 7,809 cybersecurity incidents, with a total financial loss of NZD 16.7 million, were reported to the authorities (1,131 incidents costing NZD 5.3 million in 2017).[[409]](#footnote-409) The Cyber Security Strategy 2019 (covering the period 2019-23) outlines the areas where the Government will prioritize action and how it is planning to ensure that New Zealand is confident and secure in the digital world, with a view to creating a more productive and competitive economy.[[410]](#footnote-410) The Cyber Security Strategy aims to, *inter alia*: (i) strengthen cyber resilience (protect most critical assets); (ii) increase cyber capability (develop skills and tools necessary for individuals, businesses, government departments, and organizations to protect themselves online); and (iii) promote international cooperation (boost the country's international credibility, including the ability of businesses to be internationally competitive).

New Zealand issued two previous cybersecurity strategies in 2011 and 2015. Among measures put in place, the 2011 strategy established the National Cyber Security Centre and the National Cyber Policy Office. In the framework of the 2015 Strategy, the Computer Emergency Response Team (CERT NZ) was established to respond to cybersecurity threats in New Zealand, the country's first Cyber Security Summit was held, and a scheme was developed to help small businesses improve their cybersecurity.

Network security is managed under Part 3 of the Telecommunications (Interception Capability and Security) Act (TISCA) 2013.[[411]](#footnote-411) The purpose of TICSA is to prevent, sufficiently mitigate, or remove security risks arising from the design, build, or operation of a public telecommunications network, or interconnection to or between public telecommunications networks in New Zealand or with networks overseas. It establishes a framework under which network operators are required to engage with the Government Communications and Security Bureau, through the National Cyber Security Centre about changes and developments with their networks where these intersect with national security. The legislation sets out a path to identify and address, prevent, mitigate, or remove network security risks that may arise.

The Government is currently developing a Digital Strategy for New Zealand[[412]](#footnote-412), which will set out the goals, priorities, and activities for short- and longer-term goals. The Strategy will be structured around three key themes: trust, inclusion, and growth. According to the authorities, public consultation on the development of this strategy has recently concluded and the final strategy will be published in early 2022.

To reflect changes in technology and in the wider economy and society, and to strengthen privacy protections, the Privacy Act 2020 was adopted to replace the Privacy Act 1993.[[413]](#footnote-413) The Act is enforced through the Privacy Commissioner, which has the power to investigate any action which appears to interfere with the privacy of an individual and can do so either on a complaint made to the Commissioner or on the Commissioner's own initiative. It provides the principles for protecting personal information and puts responsibilities on agencies and organizations about how they must collect, use, disclose, store, retain, and give access to personal information. It applies to any person or body of persons, whether corporate or unincorporated, and whether in the public sector or in the private sector, and it has extraterritorial scope, i.e. it applies to any actions taken by an overseas agency in the course of carrying on business in New Zealand.

The Act diverges from data protection laws in place in other jurisdictions in some respects. For example, the Act does not expressly provide a "right to be forgotten" or a right to data portability, and as a civil complaints system it has a relatively lenient penalty structure for non-compliance, as the Commissioner may only fine companies up to NZD 10,000 for offences under the Act. However, the Act includes new mandatory data breach notification requirements, and new requirements on cross-border transfers of personal information. For example, an organization or business may only disclose personal information to an agency outside of New Zealand if the receiving agency is subject to similar safeguards to those in the Privacy Act. If a jurisdiction does not offer similar protections, the individuals concerned must be fully informed that their information may not be adequately protected and they must expressly authorize the disclosure.

### Transport services

#### Overview

The transport sector is crucial for the country's tourism industry, and international merchandise trade. The sector accounts for 5% of GDP and employs 108,000 workers (4% of total employment).[[414]](#footnote-414) Almost all of New Zealand's international trade takes place through air and maritime transport. Domestically, road and rail freight services are mainly used by the agriculture sector and the dairy industry.

The Ministry of Transport is the main agency providing expert advice to the Government in all transport-related matters, including legislative, regulatory, policy, and funding issues. The Ministry also oversees the performance of four Crown entities with transport functions: the Civil Aviation Authority (CAA), Maritime New Zealand, NZ Transport Agency (land transport), and the Transport Accident Investigation Commission. In addition, three state-owned enterprises (Airways Corporation of New Zealand Limited, New Zealand Railways Corporation, and Meteorological Services of New Zealand Limited) have transport-related functions, while local authorities are primarily responsible for road networks and public transport services, and some of them own seaports and airports, or share ownership with the Crown.

Carbon emissions from transport activities are a major part of New Zealand's climate challenge, representing some 20% of total emissions and 43% of CO2 emissions. The national draft Emissions Reduction Plan, which will create binding domestic commitments when finalized in April 2022, sets out a range of proposed interventions to reduce transport emissions by 41% by 2035. As part of this plan, the Government is currently considering legislation to set tough CO2 standards for light vehicles, has introduced rebates for low-emissions vehicles, is considering congestion charging in major centres, is developing a sustainable biofuels mandate, and is requiring all new public transport buses to have zero emissions by 2025.

#### Air transport

Air transport is highly important to New Zealand's international trade for high-value products that require a short time to market. Although air freight accounts for only 0.3% of New Zealand's trade (imports and exports) by weight, it accounts for 19% of trade by value.

The 2012 National Airspace and Air Navigation Plan continues to be New Zealand's guidance document in the air transport sector.[[415]](#footnote-415) It represents the Government's views for airspace, air navigation, and air traffic management, and it clarifies how New Zealand aims to modernize its airspace. According to the authorities, some progress has been achieved under the Plan, including, the implementation of performance-based navigation approaches at the main international airports (in Auckland, Wellington, and Christchurch)[[416]](#footnote-416), and modernization of some critical airport infrastructure.

COVID‑19 and the collapse of international air services have had a detrimental impact on the flow of essential goods and passenger movements. As a response, the Government implemented a temporary financial support package, the International Air Freight Capacity Scheme (IAFC) to support essential connectivity as at the beginning of August 2020. A total of NZD 372 million was allocated to finance the scheme through to April 2021. The objectives of the scheme were to maintain essential trade flows, including the import of medical supplies, maintain air connectivity for passengers and future tourism capacity, and ensure the sustainability of the aviation sector. Only flights that do not get enough passengers and freight at a level that is economically viable were eligible for support. The IAFC ended in April 2021.

In May 2021, the Government established a new temporary scheme, the Maintaining International Air Connectivity Scheme (MIAC), to support continued air services. The scheme is scheduled to end on 31 March 2022. An open-market procurement process was operated in April 2021 and all potential providers, including passenger airlines, dedicated freight carriers, and others in the sector, were eligible to apply.

To support domestic connectivity, the Government allocated NZD 30 million to the Essential Transport Connectivity (ETC) Scheme for aviation initiatives and an additional NZD 20 million for ETC non-aviation initiatives.

Prior to COVID‑19, New Zealand had 5 airports receiving scheduled international air services and 28 regional airports. As at the end of November 2021, only two of these airports were receiving international flights. Auckland International Airport is New Zealand's busiest airport, followed by the international airports of Christchurch and Wellington. The movements of air freight are largely concentrated at Auckland and Christchurch airports. New Zealand's international airports are managed and operated by autonomous companies with both private and public ownership (such as Auckland International Airport Limited):

Christchurch International Airport Limited has three shareholders: the local council with 75%, and two Ministers of the Crown (Central Government) holding the remaining 25%.

Wellington International Airport Limited has two shareholders: the local council with 34%, and Infratil, a private investment firm, with 66%.

Dunedin International Airport Limited has two shareholders: the local council with 50%, and shareholding Ministers (the Crown) with 50%.

Queenstown Airport Corporation has two shareholders: Auckland International Airport Limited with 24.99%, and the local council holds 75.01%.

Regional airports are either owned by local authorities or through joint ventures between local authorities and the Crown.

There are two New Zealand-based international passenger airlines: Air New Zealand, the national flag carrier; and Air Chathams (which operates to the Australian territory of Norfolk Island). New Zealand has seen a significant reduction in the number of scheduled airlines due to the COVID‑19 pandemic. At end-November 2021, there were 15 (24 during the previous review period)[[417]](#footnote-417) foreign airlines operating aircraft on a scheduled or semi-frequent basis (passenger and/or cargo) to and from New Zealand, and an additional 18 (21 during the previous review period)[[418]](#footnote-418) airlines serving New Zealand on a code-sharing basis. The Crown holds a 52.3% stake in Air New Zealand. It also holds a preferential "Kiwi share", which enables the Government to impose a 10% cap on individual foreign shareholdings in the national airline, in order to maintain substantial ownership and effective control of Air New Zealand. The Crown also holds 100% ownership of Airways Corporation of New Zealand Limited, which is the sole provider of air navigation and air traffic management services in the country.

The air transport sector is subject to the provisions of the Overseas Investment Act 2005 (Section 2.4). No specific restrictions apply on foreigners providing airport services and airport auxiliary services, or computer reservation system services.

The Commerce Amendment Act 2018 strengthened the regulatory regime for major international airports in New Zealand by introducing a short‑form inquiry process and clarifying how changes to the type of regulation can be made.

The Civil Aviation Act 1990 and the Airport Authorities Act 1966 are the main sector-specific statutes governing the industry.

The Airport Authorities Act 1966 (as amended) requires all airport companies to consult with their airline customers on charges and major capital expenditures and disclose certain financial information on an annual basis. To prevent potential abuse of monopoly power at the Auckland, Wellington, and Christchurch airports, the Commerce Amendment Act 2008 subjects specified airport services (airfield activities, and certain passenger terminal activities) to additional information disclosure requirements, such as disclosing information on their financial performance and quality of airport services. They also must disclose information on their price setting framework, pricing methodology, and an explanation of the extent to which the application of their pricing leads to efficient prices. On 25 October 2018, The Commerce Amendment Act was adopted and implemented to strengthen the regulatory regime for New Zealand's airports, by including a new inquiry process that may lead to further regulation being imposed on specified airport activities undertaken by those airports.[[419]](#footnote-419) According to the authorities, a new Civil Aviation Bill was introduced on 8 September 2021 and is currently in front of a parliamentary Select Committee for consideration.

Under the Civil Aviation Act 1990, an airline wishing to operate a scheduled international air service to or from New Zealand is required to hold a scheduled international air service licence or an open aviation market licence. The latter is applicable only for scheduled services between New Zealand and a list of countries/territories specifically designated by the Minister of Transport. In 2015, the list consisted of Australia, Brunei Darussalam, Chile, the Cook Islands, Luxembourg, Malaysia, Samoa, Singapore, Tonga, the United Arab Emirates, and the United States.

As was the case during the previous review period, an application for a scheduled international air services licence must be submitted to the Secretary of Transport. To qualify for a licence, an applicant airline must have been designated by its Government according to the provisions of the air services agreement (ASA) between that Government and the Government of New Zealand. In addition, an applicant may be required to provide evidence of the nationality of the control of the airline, and evidence of either the nationality of its ownership or its principal place of business and place of incorporation. To comply with safety and security requirements, an applicant must also obtain a foreign air operator certificate from the Director of the CAA. Under a mutual recognition agreement with Australia, New Zealand and Australian airlines do not need to hold safety certifications from both countries' civil aviation authorities.

Under the Ministry of Transport, the CAA is the regulatory authority for civil aviation in New Zealand. It is in charge of establishing and enforcing safety rules for all air services operators. Air traffic control services are provided by New Zealand Airways Corporation, which is a state-owned enterprise, established under the State-Owned Enterprises Act 1986.

As at 30 October 2021, New Zealand had signed ASAs with 71 partners across all continents (Table A4.1).[[420]](#footnote-420) According to the authorities, six of the ASAs, however, are suspended as a result of New Zealand being a signatory to the Multilateral Agreement on the Liberalization of International Air Transportation (MALIAT), a multilateral open skies ASA, which is open to accession by other parties. Currently, the parties to the MALIAT are Brunei Darussalam, the Cook Islands, Chile, New Zealand, Singapore, Tonga, and the United States. Mongolia participates for cargo only.

The authorities indicate that they continue to advocate for open skies agreements, consistent with the International Air Transport Policy of New Zealand.

#### Maritime transport

Maritime transport plays a key role for New Zealand freight movement. Shipping services are provided by both New Zealand-based ship operators and international shipping lines. The New Zealand operators tend to concentrate on the movement of domestic cargoes. Domestic transport of petroleum products is primarily from the Northland refinery via pipeline to Auckland and Auckland Airport and coastal distribution across the country. A key cement manufacturer in the Northland distributes by coastal ships and then road and rail.

The authorities indicate that no significant changes took place during the review period. The Maritime Transport Act 1994 sets out the legal framework for maritime services, including licensing requirements for ships and crew, and protection of the maritime environment. Under the Act, Maritime New Zealand, a Crown entity, is responsible for developing and monitoring rules and standards for safety, security, and environmental matters in maritime transport. The entity is also responsible for implementing the Maritime Security Act 2004, administering the New Zealand Register of Ships (as per the Ship Registration Act 1992) and ensuring compliance with international maritime and marine environment protection conventions.[[421]](#footnote-421)

Three categories of ships are allowed to carry coastal cargo under the Maritime Transport Act: (i) New Zealand ships; (ii) foreign ships passing through New Zealand to unload import cargo or load export cargo; and (iii) overseas-registered ships operated or controlled by a New Zealand entity, provided that the crew is subject to national law. Any other ship is not allowed to carry coastal cargo unless it receives authorization to do so, provided that no New Zealand ship or foreign ship on an international voyage is available.

New Zealand-owned ships (i.e. ships that are majority or entirely owned by New Zealand nationals) must be registered under the Ship Registration Act 1992. Foreign persons are only allowed to register a ship under the country's flag in co-ownership with a majority of New Zealand nationals. When the ship is subject to shareholding, more than half of the shares in the ship must be owned by New Zealand nationals.

The Commerce Act 2017 repealed provisions of the Shipping Act 1987 that previously applied to competition in international shipping and exempted international shipping from the competition regulation under the Commerce Act 1986. The Act amended the Commerce Act to provide qualified exceptions in relation to international liner shipping services. The exceptions allow cooperative price‑fixing and capacity-limiting arrangements that have the effect of improving service supplied to owners or consignors of goods carried at sea.

The Port Companies Act 1988 provides for the formation of port companies to carry out port‑related commercial activities and control the ownership thereof. Currently, 13 port companies are incorporated under the Act. The Act does not impose any limitation on the acquisition or holding of port company shares by private national or foreign persons, but acquisitions by overseas persons above the specified threshold would need prior consent under the Overseas Investment Act.

Private companies may also undertake auxiliary services activities in seaport areas. In 2021, however, private shareholding in seaport companies remained limited: 8 of the 13 port companies were entirely owned by local authorities.

The two largest port companies are Port of Tauranga and Ports of Auckland. In 2020, the two companies owned 51% of the total assets of the 12 ports. Tauranga is New Zealand's largest export port (48% of total exports by value in 2020), and Auckland is the largest import port (51% of total imports by value).[[422]](#footnote-422)

### Tourism

Due to the COVID‑19 effects, New Zealand welcomed some 53,000 international visitors in the year ending March 2021 (down from approximately 3.7 million in 2020) (Table 4.10).

In the year ending March 2020, the top six markets comprised 70% of total international visitor numbers, and included Australia (41%), the United States (10%), the United Kingdom (6%), China (9%), Germany (2%), and Japan (2%). Hotel occupancy rates reflected this growth pattern, rising from 64% in 2015 to 69% in 2018, before plateauing at around 68.6% in the year ending September 2019.[[423]](#footnote-423)

Table 4.10 Visitors by key markets with percentage of total, 2015-21

|  | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Total visitors** | **2,947,901** | **3,255,463** | **3,543,631** | **3,819,817** | **3,867,756** | **3,651,967** | **52,690** |
| **Australia** | 1,273,152  (43%) | 1,364,736  (42%) | 1,406,256  (40%) | 1,495,392  (39%) | 1,491,000  (39%) | 1,491,252  (41%) | 15,106  (29%) |
| **China** | 295,552  (10%) | 377,840  (12%) | 404,384  (11%) | 437,696  (11%) | 434,323  (11%) | 328,145  (9%) | 2,155  (4%) |
| **United States** | 226,960  (8%) | 253,792  (8%) | 312,816  (9%) | 340,144  (9%) | 362,394  (9%) | 347,629  (10%) | 6,123  (12%) |
| **United Kingdom** | 199,760  (7%) | 213,792  (7%) | 222,784  (6%) | 254,832  (7%) | 230,307  (6%) | 223,102  (6%) | 6,855  (13%) |
| **Germany** | 81,152  (3%) | 90,496  (3%) | 102,608  (3%) | 102,864  (3%) | 102,107  (3%) | 91,067  (2%) | 718  (1%) |
| **Japan** | 83,392  (3%) | 91,344  (3%) | 102,320  (3%) | 102,416  (3%) | 99,300  (3%) | 90,326  (2%) | 496  (1%) |

Note: Year ending in March.

Source: Information provided by the authorities.

Until the beginning of 2020, before the outbreak of COVID‑19, tourism was New Zealand's biggest export industry. In the year ended March 2020, tourism generated a direct contribution of NZD 16.3 billion or 5.5% to New Zealand's GDP. The indirect value added by industries that support tourism generated an additional NZD 11.2 billion, or 3.8% of GDP. Tourism was New Zealand's largest export earner (20% of exports), directly employing 218,580 people, representing 7.9% of total employment, and generating NZD 3.9 billion in goods and services tax revenue.

Following the outbreak of COVID‑19, for the year ending March 2021, provisional estimates indicate that tourism's direct contribution to New Zealand's GDP decreased to NZD 8.6 billion (2.9% of GDP). The indirect value added by industries that support tourism decreased to NZD 5.8 billion (1.9% of GDP). Tourism accounted for 2.1% of total exports (down by 17.9 percentage points), its employment decreased to 146,295 (down 72,285), accounting for 5.2% of total employment (down by 2.7 percentage points); and it generated 2.4 billion in goods and services tax (down by 37.7%).

While the travel services category accounted for over 60% of services exports in between 2014 and 2018, it eased to slightly less than 60% for the years ending March 2019 and 2020, before plummeting to 35% in the year ending March 2021.

Foreign investment in tourism is subject to the provisions of the Overseas Investment Act 2005 (Section 2.4). New Zealand has no stand-alone legislation that regulates the tourism sector. The Government's role in the tourism sector consists mainly of setting strategy, providing funding to promote New Zealand as a tourism destination, and investing in facilities and infrastructure to support visitor experiences.

The 2019 New Zealand Government Tourism Strategy sets out a stewardship role for Government in tourism, to ensure tourism enriches New Zealand through more productive, sustainable, and inclusive growth. Priority actions for delivering this include coordination across the tourism system, the development of long-term sustainable funding mechanisms, the facilitation of destination management and planning, and better data and insight.

In 2019, the International Visitor Conservation and Tourism Levy was introduced. This NZD 35 levy, which applies to most international visitors to New Zealand, is used to invest in projects that will help to create productive, sustainable, and inclusive tourism growth that protects and supports the environment.

In response to COVID‑19, the New Zealand Government has taken steps to support New Zealand's tourism sector. In 2020, immediate support came from economy-wide stimulus measures, including NZD 1.8 billion through a Wage Subsidy scheme and NZD 285 million through a Small Business Cash Flow scheme. A NZD 400 million Tourism Recovery Fund was introduced in 2020, providing funding for a range of support initiatives including a Strategic Tourism Assets Protection programme to protect core tourism assets and offerings; a Tourism Transitions Programme to deliver advice and support to tourism businesses on issues such as how to pivot towards the domestic market, scale, back or hibernate operations, and how to build digital capability; and the New Zealand Tourism Futures Taskforce, established to identify changes that could be made to the tourism system to enrich New Zealand and enhance community well-being.

A further NZD 200 million was provided in 2021 through the Tourism Communities: Support, Recovery and Re-set Plan. The Plan aims to ensure the immediate survival of the tourism sector and contains initiatives that focus on ensuring tourism is sustainable and resilient in the future. It incorporates investments in small business support, tourism infrastructure, the conservation estate, Māori tourism development, economic and regional development and diversification in regions previously reliant on international tourism, and mental well-being support for workers in the tourism industry. According to the authorities, funding was also allocated for an Industry Transformation Plan, which will build on previous work by, *inter alia*, the Tourism Futures Taskforce, the Parliamentary Commissioner for the Environment, and the Climate Change Commission to transform tourism into a more sustainable model.

The MBIE is the country's monitoring agency and is responsible for tourism policy and regulation. Its Tourism Policy Unit provides guidance to the Government and works with other government departments on key tourism policy issues. Under the New Zealand Tourism Board Act 1991, Tourism New Zealand (TNZ) is responsible for marketing New Zealand to the world as a tourist destination.[[424]](#footnote-424) Qualmark Limited and Visitor Information Network Incorporated, its two subsidiary organizations, are in charge of improving visitor satisfaction and product quality. The New Zealand Māori Arts and Crafts Institute seeks to encourage, foster, and promote all types of Māori culture and the practice and appreciation of Māori arts and crafts.

To support access to information about the tourism industry, the MBIE developed the Tourism Evidence and Insights Centre (TEIC), in collaboration with representatives from the tourism industry, academia, and central and local government. The TEIC, launched in 2021, provides a central location for tourism data, reports, and articles and includes an interactive hub for sharing tourism data and insights to help measure the impact of tourism on New Zealand.

The Tourism Chief Executives' Group was established in 2016 and is made up of chief executives of key central government agencies. It helps provide cross‐portfolio coordination and strategic oversight to deliver on tourism objectives. The Group aims to coordinate and align the Government's tourism‐related activities by, *inter alia*, providing strategic oversight, facilitating information sharing, and helping manage relationships across a range of agencies whose portfolios intersect with the tourism sector, including the Departments of Conservation and Internal Affairs and the Ministry of Culture and Heritage and the Ministry of Transport.

Local governments are increasingly involved in tourism development through regional tourism organizations and have received over NZD 40 million to implement destination management and planning, and encourage more people to explore their regions. They take measures to attract visitors to their regions and provide local facilities and infrastructure and enforce any related local bylaws.

# APPENDIX TABLES

Table A1.1 Merchandise exports by HS section and major chapter/subheading,  
2015-21

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| HS Section/chapter/subheading | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Total exports (USD billion) | 34.4 | 33.7 | 38.1 | 39.8 | 39.5 | 38.9 | 44.8 |
|  | **(% of total exports)** | | | | | | |
| 01 Live animals and products | 42.6 | 40.7 | 43.6 | 42.7 | 44.9 | 45.3 | 45.9 |
| 02 Meat and edible meat offal | 13.9 | 12.2 | 12.3 | 6.9 | 13.4 | 13.5 | 13.7 |
| 0202 Meat of bovine animals; frozen | 6.0 | 5.0 | 4.7 | 4.7 | 5.2 | 5.4 | 5.5 |
| 0204 Meat of sheep or goats; fresh, chilled, or frozen | 6.3 | 5.5 | 6.1 | 6.6 | 6.5 | 6.5 | 6.5 |
| 03 Fish, crustaceans, molluscs, and other aquatic invertebrates | 3.0 | 3.3 | 3.0 | 0.4 | 3.1 | 2.7 | 2.7 |
| 04 Dairy produce, birds' eggs, natural honey | 24.1 | 23.7 | 26.8 | 11.5 | 26.9 | 27.3 | 27.8 |
| 0402 Milk and cream; concentrated or containing added sugar or other sweetening matter | 13.0 | 12.0 | 13.5 | 12.5 | 14.3 | 15.0 | 15.7 |
| 0405 Butter and other fats and oils derived from milk; dairy spreads | 4.8 | 5.1 | 6.2 | 6.6 | 5.8 | 4.9 | 4.6 |
| 0406 Cheese and curd | 3.4 | 3.6 | 3.6 | 3.3 | 3.4 | 3.4 | 3.3 |
| 02 Vegetable products | 6.2 | 7.2 | 6.5 | 6.9 | 7.2 | 8.1 | 7.6 |
| 08 Edible fruit and nuts | 4.7 | 5.6 | 5.0 | 5.6 | 5.7 | 6.6 | 6.2 |
| 03 Fats and oils | 0.3 | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | 0.5 |
| 04 Prepared food, beverages, and tobacco | 10.1 | 11.5 | 11.4 | 11.5 | 12.1 | 12.7 | 11.1 |
| 19 Preparations of cereals, flour, starch, or milk; pastrycooks' products | 1.8 | 2.5 | 2.8 | 3.2 | 3.8 | 4.2 | 3.2 |
| 21 Miscellaneous edible preparations | 2.2 | 2.5 | 2.3 | 2.2 | 2.3 | 2.2 | 1.9 |
| 22 Beverages, spirits, and vinegar | 3.6 | 3.8 | 3.7 | 3.5 | 3.6 | 3.9 | 3.6 |
| 05 Mineral products | 2.0 | 1.6 | 1.8 | 2.0 | 1.6 | 0.9 | 1.1 |
| 06 Chemicals and products thereof | 6.1 | 4.8 | 4.4 | 3.9 | 4.0 | 4.4 | 4.4 |
| 35 Albuminoidal substances; modified starches; glues; enzymes | 3.0 | 2.5 | 2.3 | 1.9 | 2.1 | 2.4 | 2.7 |
| 07 Plastics and rubber | 1.1 | 1.1 | 1.0 | 1.0 | 1.0 | 1.0 | 0.9 |
| 08 Raw hides and skins; leather, furskins and articles thereof | 1.2 | 1.0 | 0.8 | 0.8 | 0.6 | 0.4 | 0.4 |
| 09 Wood, cork, straw | 7.2 | 8.5 | 8.7 | 9.1 | 8.4 | 7.5 | 8.8 |
| 44 Wood and articles of wood; wood charcoal | 7.2 | 8.5 | 8.7 | 9.1 | 8.4 | 7.5 | 8.7 |
| 4403 Wood in the rough | 4.1 | 5.3 | 5.7 | 6.2 | 5.8 | 5.1 | 6.3 |
| 10 Pulp of wood; paper and paperboard | 2.6 | 2.5 | 2.5 | 2.5 | 2.1 | 1.9 | 2.0 |
| 11 Textiles and textile articles | 2.9 | 2.6 | 1.9 | 1.9 | 1.7 | 1.4 | 1.5 |
| 12 Footwear, headgear, etc. | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| 13 Articles of stone, plaster, cement | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.2 |
| 14 Precious stones and metals | 1.6 | 1.4 | 1.3 | 1.3 | 1.2 | 1.0 | 0.9 |
| 15 Base metals and articles thereof | 3.9 | 3.6 | 3.7 | 4.0 | 3.6 | 3.2 | 3.8 |
| 76 Aluminium and articles thereof | 2.1 | 2.0 | 2.1 | 2.2 | 2.0 | 1.7 | 2.2 |
| 16 Machinery, electrical equipment | 5.7 | 5.4 | 5.0 | 5.2 | 4.9 | 4.5 | 4.9 |
| 84 Machinery and mechanical appliances, parts thereof | 3.5 | 3.3 | 3.1 | 3.2 | 3.1 | 2.8 | 3.1 |
| 85 Electrical machineries and parts thereof | 2.2 | 2.1 | 1.9 | 2.0 | 1.8 | 1.7 | 1.8 |
| 17 Transport equipment | 1.5 | 1.8 | 1.2 | 1.0 | 1.1 | 1.8 | 1.1 |
| 18 Precision equipment | 1.7 | 1.7 | 1.7 | 1.6 | 1.7 | 2.6 | 2.2 |
| 90 Optical, photographic, measuring, medical instruments (..) | 1.7 | 1.7 | 1.6 | 1.6 | 1.7 | 2.6 | 2.2 |
| 19 Arms and ammunition | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 20 Miscellaneous manufactured articles | 0.4 | 0.5 | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 |
| 21 Works of art, etc. | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Other | 2.4 | 3.2 | 3.3 | 3.4 | 3.1 | 2.4 | 2.2 |

Source: WTO Secretariat calculations, based on UN Comtrade database.

Table A1.2 Merchandise exports by destination, 2015-21

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Total exports (USD billion) | 34.4 | 33.7 | 38.1 | 39.8 | 39.5 | 38.9 | 44.8 |
|  | **(% of total exports)** | | | | | | |
| Americas | 16.2 | 14.7 | 13.4 | 13.1 | 12.7 | 14.4 | 13.7 |
| United States | 11.8 | 10.9 | 9.9 | 9.6 | 9.4 | 11.0 | 10.6 |
| Other America | 4.5 | 3.7 | 3.5 | 3.5 | 3.2 | 3.4 | 3.1 |
| Canada | 1.4 | 1.2 | 1.3 | 1.3 | 1.2 | 1.3 | 1.1 |
| Mexico | 0.7 | 1.0 | 0.7 | 0.6 | 0.6 | 0.5 | 0.7 |
| Europe | 11.4 | 11.0 | 10.0 | 10.4 | 9.6 | 9.5 | 9.0 |
| EU-27 | 6.8 | 6.7 | 6.2 | 6.2 | 5.5 | 5.4 | 5.1 |
| Germany | 1.4 | 1.4 | 1.3 | 1.5 | 1.4 | 1.6 | 1.3 |
| Netherlands | 1.7 | 1.7 | 1.6 | 1.5 | 1.3 | 1.2 | 1.2 |
| France | 0.8 | 0.8 | 0.6 | 0.6 | 0.6 | 0.8 | 0.7 |
| EFTA | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.3 | 0.3 |
| Other Europe | 4.3 | 4.0 | 3.5 | 3.9 | 3.7 | 3.9 | 3.6 |
| United Kingdom | 3.4 | 3.0 | 2.7 | 2.7 | 2.5 | 2.5 | 2.2 |
| Other Europe, n.e.s. | 0.6 | 0.7 | 0.6 | 1.1 | 1.0 | 1.2 | 1.3 |
| CISa | 0.5 | 0.6 | 0.6 | 0.4 | 0.6 | 0.7 | 0.5 |
| Africa | 4.0 | 4.0 | 3.3 | 2.9 | 2.5 | 2.5 | 2.2 |
| Egypt | 1.0 | 0.9 | 0.5 | 0.6 | 0.5 | 0.4 | 0.5 |
| Middle East | 4.1 | 3.5 | 3.8 | 3.6 | 3.4 | 3.6 | 3.1 |
| United Arab Emirates | 1.7 | 1.3 | 1.6 | 1.4 | 1.3 | 1.4 | 1.4 |
| Saudi Arabia, Kingdom of | 1.2 | 1.1 | 1.1 | 1.0 | 1.1 | 1.3 | 1.0 |
| Asia | 62.9 | 65.2 | 67.9 | 68.6 | 70.3 | 68.7 | 71.1 |
| China | 17.6 | 19.5 | 22.3 | 24.2 | 27.9 | 27.8 | 31.7 |
| Japan | 6.0 | 6.1 | 6.0 | 6.1 | 5.8 | 5.9 | 5.7 |
| Other Asia | 39.2 | 39.6 | 39.6 | 38.3 | 36.6 | 35.0 | 33.6 |
| Australia | 17.0 | 17.1 | 16.4 | 15.9 | 14.5 | 13.6 | 12.4 |
| Korea, Republic of | 3.2 | 3.1 | 2.8 | 3.0 | 2.8 | 2.9 | 3.1 |
| Chinese Taipei | 2.3 | 2.2 | 2.1 | 2.1 | 2.0 | 2.2 | 2.1 |
| Indonesia | 1.7 | 1.8 | 1.8 | 1.7 | 1.8 | 1.8 | 2.1 |
| Singapore | 2.2 | 2.3 | 2.1 | 2.2 | 1.9 | 1.8 | 2.0 |
| Hong Kong, China | 1.5 | 1.6 | 2.3 | 2.0 | 2.1 | 2.0 | 1.9 |
| Thailand | 1.6 | 1.7 | 1.6 | 1.6 | 1.7 | 1.6 | 1.7 |
| Malaysia | 1.9 | 1.6 | 1.9 | 1.8 | 1.8 | 1.8 | 1.6 |
| Viet Nam | 1.1 | 1.1 | 1.3 | 1.2 | 1.3 | 1.4 | 1.3 |
| Philippines | 1.3 | 1.3 | 1.3 | 1.3 | 1.5 | 1.2 | 1.1 |
| India | 1.3 | 1.3 | 1.3 | 1.2 | 1.2 | 0.8 | 0.7 |
| Bangladesh | 0.4 | 0.4 | 0.6 | 0.6 | 0.7 | 0.6 | 0.7 |
| Fiji | 0.9 | 1.0 | 0.9 | 0.9 | 0.7 | 0.7 | 0.6 |
| Sri Lanka | 0.5 | 0.5 | 0.7 | 0.7 | 0.7 | 0.7 | 0.6 |
| Other | 1.0 | 1.1 | 1.0 | 1.0 | 0.9 | 0.6 | 0.5 |
| *Memorandum:* |  |  |  |  |  |  |  |
| EU-28 | 10.2 | 9.7 | 8.9 | 8.9 | 8.0 | 7.9 | 7.3 |
| APEC | 72.5 | 73.8 | 75.2 | 75.9 | 77.5 | 78.1 | 80.2 |

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations, based on UN Comtrade database.

Table A1.3 Merchandise imports by HS section and major chapter/subheading,  
2015-21

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| HS Section/chapter/subheading | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Total imports (USD billion) | 36.5 | 36.0 | 40.1 | 43.7 | 42.3 | 37.1 | 49.4 |
|  | **(% of total imports)** | | | | | | |
| 01 Live animals and products | 1.5 | 1.4 | 1.4 | 1.4 | 1.6 | 1.8 | 1.3 |
| 02 Vegetable products | 2.4 | 2.3 | 2.3 | 2.2 | 2.3 | 2.5 | 2.0 |
| 03 Fats and oils | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.6 |
| 04 Prepared food, beverages, and tobacco | 7.3 | 7.7 | 7.7 | 7.5 | 7.5 | 8.9 | 7.8 |
| 23 Residues, wastes of food industry, animal fodder | 1.6 | 1.4 | 1.6 | 1.8 | 1.6 | 2.2 | 2.0 |
| 05 Mineral products | 10.6 | 9.0 | 9.8 | 12.6 | 11.4 | 8.9 | 8.1 |
| 27 Mineral fuels and oils | 10.0 | 8.5 | 9.4 | 12.1 | 11.1 | 8.5 | 7.7 |
| 2709 Petroleum oils and oils obtained from bituminous minerals; crude | 6.1 | 4.9 | 5.5 | 6.7 | 6.6 | 4.2 | 3.7 |
| 2710 Petroleum oils and oils from bituminous minerals, not crude | 3.6 | 3.3 | 3.7 | 5.1 | 4.1 | 4.0 | 3.6 |
| 06 Chemicals and products thereof | 9.2 | 9.0 | 8.8 | 9.1 | 8.9 | 10.0 | 9.8 |
| 30 Pharmaceutical products | 2.4 | 2.6 | 2.4 | 2.3 | 2.3 | 2.7 | 2.9 |
| 07 Plastics and rubber | 5.1 | 5.0 | 5.0 | 4.8 | 4.7 | 5.1 | 5.4 |
| 39 Plastics and articles thereof | 3.9 | 3.8 | 3.8 | 3.7 | 3.6 | 3.9 | 4.1 |
| 08 Raw hides and skins; leather, furskins and articles thereof | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 | 0.4 | 0.4 |
| 09 Wood, cork, straw | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.9 |
| 10 Pulp of wood; paper and paperboard | 2.4 | 2.6 | 2.4 | 2.2 | 2.2 | 2.3 | 2.0 |
| 48 Paper and paperboard | 1.8 | 1.9 | 1.8 | 1.7 | 1.7 | 1.8 | 1.6 |
| 11 Textiles and textile articles | 4.8 | 4.9 | 4.4 | 4.3 | 4.4 | 4.8 | 4.5 |
| 12 Footwear, headgear, etc. | 0.9 | 0.9 | 0.9 | 0.8 | 0.9 | 0.8 | 0.8 |
| 13 Articles of stone, plaster, cement | 1.3 | 1.4 | 1.3 | 1.3 | 1.4 | 1.4 | 1.6 |
| 14 Precious stones and metals | 0.6 | 0.8 | 0.6 | 0.6 | 0.7 | 1.0 | 0.9 |
| 15 Base metals and articles thereof | 4.8 | 4.9 | 4.8 | 4.7 | 4.8 | 4.8 | 5.6 |
| 73 Articles of iron and steel | 1.8 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 | 2.4 |
| 16 Machinery, electrical equipment | 21.6 | 21.6 | 22.7 | 21.9 | 22.9 | 23.7 | 22.9 |
| 84 Machinery and mechanical appliances, parts thereof | 13.3 | 13.3 | 14.4 | 13.8 | 14.5 | 14.4 | 14.1 |
| 8411 Turbojets, turbo-propellers, and other gas turbines | 1.4 | 1.6 | 2.0 | 1.9 | 2.5 | 2.0 | 1.6 |
| 8471 Automatic data processing machines and units thereof (..) | 2.5 | 2.1 | 2.3 | 2.1 | 2.2 | 2.6 | 2.3 |
| 85 Electrical machineries and parts thereof | 8.3 | 8.3 | 8.3 | 8.1 | 8.4 | 9.3 | 8.9 |
| 8517 Telephone sets, including telephones for cellular networks (..) | 2.7 | 2.8 | 2.8 | 2.8 | 2.8 | 2.9 | 2.6 |
| 17 Transport equipment | 18.1 | 18.7 | 18.2 | 17.1 | 16.2 | 13.5 | 16.0 |
| 87 Vehicles other than railway, tramway | 13.4 | 14.9 | 15.8 | 14.3 | 13.3 | 11.3 | 14.6 |
| 8703 Motor vehicles for the transport of persons (<10) | 8.3 | 9.3 | 9.6 | 8.2 | 7.7 | 6.6 | 8.6 |
| 8704 Motor vehicles for the transport of goods | 2.8 | 2.9 | 3.2 | 3.0 | 2.8 | 2.2 | 3.0 |
| 18 Precision equipment | 3.3 | 3.4 | 3.2 | 3.0 | 3.4 | 3.8 | 3.6 |
| 90 Optical, photographic, measuring, medical instruments (..) | 3.1 | 3.2 | 3.0 | 2.8 | 3.1 | 3.6 | 3.3 |
| 19 Arms and ammunition | 0.2 | 0.1 | 0.2 | 0.1 | 0.2 | 0.1 | 0.1 |
| 20 Miscellaneous manufactured articles | 3.5 | 3.7 | 3.5 | 3.4 | 3.5 | 3.6 | 4.0 |
| 94 Furniture, lighting, signs, prefabricated buildings | 2.0 | 2.2 | 2.1 | 2.0 | 2.1 | 2.1 | 2.3 |
| 21 Works of art, etc. | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Other | 0.5 | 0.7 | 0.8 | 1.0 | 1.1 | 1.0 | 1.4 |

Source: WTO Secretariat calculations, based on UN Comtrade database.

Table A1.4 Merchandise imports by origin, 2015-21

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Total imports (USD billion) | 36.5 | 36.0 | 40.1 | 43.7 | 42.3 | 37.1 | 49.4 |
|  | **(% of total imports)** | | | | | | |
| Americas | 15.0 | 14.6 | 13.8 | 13.3 | 13.3 | 13.1 | 11.5 |
| United States | 11.8 | 11.3 | 10.7 | 10.1 | 10.0 | 9.7 | 8.6 |
| Other America | 3.2 | 3.3 | 3.1 | 3.2 | 3.3 | 3.4 | 2.9 |
| Canada | 1.2 | 1.3 | 1.1 | 1.1 | 1.2 | 1.1 | 1.0 |
| Mexico | 0.5 | 0.5 | 0.6 | 0.7 | 0.7 | 0.8 | 0.7 |
| Argentina | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.4 |
| Europe | 18.9 | 19.2 | 19.6 | 19.1 | 20.1 | 19.2 | 19.3 |
| EU-27 | 15.1 | 15.1 | 15.3 | 15.0 | 16.0 | 15.4 | 15.7 |
| Germany | 4.7 | 4.8 | 5.3 | 5.1 | 5.6 | 4.7 | 4.9 |
| Italy | 1.9 | 2.1 | 2.1 | 2.1 | 2.1 | 2.3 | 2.3 |
| France | 2.6 | 2.2 | 1.8 | 1.8 | 1.9 | 1.6 | 1.9 |
| Belgium | 0.6 | 0.7 | 0.7 | 0.7 | 0.6 | 0.8 | 1.1 |
| Netherlands | 1.1 | 1.1 | 1.1 | 1.1 | 1.0 | 1.0 | 0.9 |
| Spain | 1.0 | 0.8 | 0.8 | 0.8 | 0.7 | 1.0 | 0.7 |
| Sweden | 0.6 | 0.6 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 |
| Austria | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 |
| Poland | 0.2 | 0.3 | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 |
| EFTA | 0.8 | 0.9 | 0.8 | 0.9 | 0.9 | 0.9 | 0.8 |
| Switzerland | 0.7 | 0.7 | 0.7 | 0.6 | 0.7 | 0.7 | 0.7 |
| Other Europe | 3.0 | 3.2 | 3.5 | 3.2 | 3.2 | 2.9 | 2.8 |
| United Kingdom | 2.6 | 2.8 | 3.1 | 2.9 | 2.8 | 2.5 | 2.3 |
| CISa | 1.0 | 0.3 | 0.6 | 0.4 | 1.0 | 0.7 | 0.2 |
| Africa | 0.7 | 0.6 | 0.5 | 0.6 | 0.6 | 0.5 | 0.5 |
| Middle East | 3.7 | 4.3 | 4.9 | 5.9 | 5.3 | 3.8 | 4.3 |
| United Arab Emirates | 0.9 | 2.1 | 3.5 | 4.5 | 4.2 | 2.7 | 3.5 |
| Saudi Arabia, Kingdom of | 1.0 | 1.4 | 0.6 | 0.9 | 0.7 | 0.6 | 0.4 |
| Asia | 60.7 | 60.9 | 60.7 | 60.7 | 59.6 | 62.4 | 64.2 |
| China | 19.6 | 20.0 | 19.3 | 19.8 | 20.2 | 22.6 | 23.8 |
| Japan | 6.5 | 7.1 | 7.4 | 6.9 | 6.5 | 5.7 | 6.5 |
| Other Asia | 34.6 | 33.9 | 34.0 | 34.0 | 32.9 | 34.2 | 34.0 |
| Australia | 11.9 | 12.6 | 12.2 | 11.5 | 11.5 | 12.1 | 11.3 |
| Thailand | 4.1 | 4.5 | 4.7 | 4.4 | 4.2 | 4.0 | 4.6 |
| Korea, Republic of | 3.7 | 4.3 | 3.5 | 4.6 | 3.8 | 4.9 | 4.5 |
| Malaysia | 3.3 | 2.6 | 3.1 | 3.3 | 3.2 | 2.9 | 2.7 |
| Singapore | 3.5 | 2.8 | 3.4 | 3.4 | 2.9 | 2.7 | 2.2 |
| Indonesia | 1.7 | 1.3 | 1.5 | 1.5 | 1.6 | 1.8 | 2.1 |
| Viet Nam | 1.2 | 1.3 | 1.5 | 1.5 | 1.6 | 1.7 | 1.8 |
| Chinese Taipei | 1.5 | 1.4 | 1.4 | 1.4 | 1.4 | 1.5 | 1.7 |
| India | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 | 1.3 | 1.4 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 |
| *Memorandum:* |  |  |  |  |  |  |  |
| EU-28 | 17.7 | 18.0 | 18.4 | 17.8 | 18.8 | 17.9 | 18.1 |
| APEC | 73.9 | 72.8 | 72.1 | 71.5 | 70.8 | 72.8 | 72.6 |

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations, based on UN Comtrade database.

Table A2.1 Selected notifications to the WTO, 1 January 2015 to 31 December 2021

| Agreement | Description | Periodicity | WTO documents (most recent if submitted periodically) |
| --- | --- | --- | --- |
| **Agreement on Agriculture** | | | |
| Articles 10 and 18.2 (ES:1, ES:2) | Export subsidies | Annual | G/AG/N/NZL/127, 03/08/2021 |
| Article 18.2 (DS:1) | Domestic support | Annual | G/AG/N/NZL/126, 26/02/2021 |
| Article 18.2 (MA:2) | Tariff and other quota commitments | Annual | G/AG/N/NZL/124, 26/02/2021 |
| Article 18.3 (DS:2) | New or modified domestic support measures exempt from reduction | *Ad hoc* | G/AG/N/NZL/122, 22/09/2020 |
| Articles 5.7 and 18.2 (MA:5) | Special safeguard provisions | Annual | G/AG/N/NZL/125, 26/02/2021 |
| Article 16.2 | Measures concerning the possible negative effects of the reform programme on least developed and net food importing developing countries | Annual | G/AG/N/NZL/128, 06/10/2021 |
| **Agreement on Implementation of Article VI of the GATT 1994 (Anti-Dumping Agreement)** | | | |
| Article 16.4 | Reports concerning anti‑dumping actions | *Ad hoc* | G/ADP/N/358, 15/07/2021  G/ADP/N/354, 13/04/2021  G/ADP/N/348, 13/11/2020  G/ADP/N/337, 29/01/2020  G/ADP/N/318, 24/09/2018  G/ADP/N/398, 20/04/2017  G/ADP/N/275, 31/08/2015  G/ADP/N/274, 24/07/2015 |
| Article 16.4 | Semi-annual reports of anti-dumping actions (taken within the preceding six months) | Semi-annual | G/ADP/N/357/NZL, 11/10/2021 |
| Article 18.5 | Laws and regulations | Once, then changes | G/ADP/N/1/NZL/2/Suppl.6/Rev.1,  23/08/2017 |
| **Agreement on Subsidies and Countervailing Measures** | | | |
| Article 25.1 | Report on subsidies | Biennial | G/SCM/N/372/NZL, 30/06/2021 |
| Article 25.11 | Semi-annual report on countervailing duty actions | Semi-annual | G/SCM/N/379, 15/06/2021 |
| **Agreement on Government Procurement** | | | |
| GPA 2012, Article XIX | Notification of modifications to market access commitments | *Ad hoc* | GPA/MOD/NZL/7, 23/04/2018  GPA/MOD/NZL/6, 26/02/2018  GPA/MOD/NZL/5, 29/11/2017  GPA/MOD/NZL/4, 11/05/2017  GPA/MOD/NZL/3, 27/10/2016  GPA/MOD/NZL/2, 11/08/2016  GPA/MOD/NZL/1, 12/08/2015 |
| Appendix 1 | Thresholds |  | GPA/THR/NZL/2, 16/12/2021 |
| **Understanding on the Interpretation of Article XVII:4(a) of the GATT 1994 (State trading)** | | | |
| Article XVII:4(a) | State trading activities | Biennial | G/STR/N/18/NZL, 02/07/2020 |
| **Participation in regional trade agreements** | | | |
| GATT 1994, Article XXIV:7(a) | Formation of a free trade area | *Ad hoc* | WT/REG451/N/1, 12/04/2021  WT/REG395/N/1, 20/12/2018  WT/REG367/N/1, 04/01/2016 |
| GATS, Article V:7(a) | Economic integration agreements | *Ad hoc* | S/C/N/1052, 12/04/2021  S/C/N/920, 20/12/2018  S/C/N/855, 04/01/2016 |
| **Agreement on Rules of Origin** | | | |
| Article 5 and Annex II, para. 4 | Changes to preferential rules of origin; new preferential rules of origin | *Ad hoc* | G/RO/N/183, 15/04/2019  G/RO/N/136, 11/04/2016 |
| Article 5 and Annex II, para. 4 ‑ First time | Existing preferential rules of origin; judicial decisions and administrative rulings of general application relating to preferential rules of origin | Once only (within 90 days of the date of entry into force of the WTO Agreement for the Member concerned) | G/RO/N/224, 29/04/2021  G/RO/LDC/N/NZL/1, 05/09/2017 |
| **Agreement on Import Licensing Procedures** | | | |
| Article 7.3 | Replies to questionnaire on import licensing procedures | Annual | G/LIC/N/3/NZL/8, 17/11/2021 |
| **Agreement on the Application of Sanitary and Phytosanitary Measures** | | | |
| Article 7 and Annex B | Sanitary/phytosanitary regulations | *Ad hoc* | G/SPS/N/NZL/512 (07/01/2015) to G/SPS/N/NZL/677 (20/12/2021) |
| **Agreement on Technical Barriers to Trade** | | | |
| Article 2.9.2 | Technical regulations | *Ad hoc* | G/TBT/N/NZL/71 (15/04/2015) to G/TBT/N/NZL/109 (27/12/2021) |
| Article 2.10.1 | Technical regulations (urgent) | *Ad hoc* | G/TBT/N/NZL/96, 21/01/2020  G/TBT/N/NZL/87, 16/04/2019 |
| Articles 2.10 and 5.7 | Technical regulations and conformity assessment procedures (urgent) | *Ad hoc* | G/TBT/N/NZL/105, 03/05/2021  G/TBT/N/NZL/101, 15/06/2020  G/TBT/N/NZL/99, 01/04/2020 |
| **Decision on Notification Procedures for Quantitative Restrictions (G/L/59/Rev.1)** | | | |
| G/L/59/Rev.1 | List of quantitative restrictions in force | Biennial; *Ad hoc* (changes) | G/MA/QR/N/NZL/5, 25/03/2021  G/MA/QR/N/NZL/4, 31/10/2019  G/MA/QR/N/NZL/3, 18/05/2018 |
| **Agreement on Trade-Related Aspects of Intellectual Property Rights** | | | |
| Article 63.2 | Laws and regulations | Once, then changes | IP/N/1/NZL/5 - IP/N/1/NZL/P/5 (23/02/2015) to IP/N/1/NZL/19 - IP/N/1/NZL/C/10 - IP/N/1/NZL/P/12 - IP/N/1/NZL/T/9 (09/04/2021) |
| **General Agreement on Trade in Services** | | | |
| Article III:3 | Change in regulation affecting trade in scheduled sectors | *Ad hoc* | S/C/N/931 to S/C/N/945, 11/03/2019 |
| Article III:4 | Contact and enquiry points | Once, then changes | S/ENQ/78/Rev.17, 07/06/2018 |
| Article VII:4 | Existing or new recognition measures and their modifications | Once | S/C/N/961, 15/10/2019 |
| **Agreement on Trade Facilitation (WT/L/911, replaced by WT/L/931)** | | | |
| Article 1, para. 4 | Procedures for importation, exportation, and transit | Once, then changes | G/TFA/N/NZL/1, 27/06/2017 |
| Article 10, para. 4.3 | Operation of the single window | Once, then changes |
| Article 10, para. 6.2 | Use of customs brokers | Once, then changes |
| Article 12, para. 2.2 | Contact point for the exchange of information | Once, then changes |
| Article 22.1 | Information on assistance and support for capacity-building disbursed in previous and coming year | Annual | G/TFA/N/NZL/2, 11/08/2017 |
| Article 22.2 | Contact points and information on the process and mechanism for requesting assistance | Once, then changes | G/TFA/N/NZL/2, 11/08/2017 |

Source: Compiled by WTO Secretariat.

Table A2.2 FTAs signed, as at 31 December 2021

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| # | Name | Date of entry into force | Covers goods and services | Legal provisions under WTO notification | WTO document and corresponding series |
| 1 | Regional Comprehensive Economic Partnership (RCEP) | 01/01/22 | Yes | .. | .. |
| 2 | Pacific Agreement on Closer Economic Relations  (PACER Plus) | 12/12/20 | Yes | GATT Art. XXIV and GATS Art. V | .. |
| 3 | Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) | 30/12/18 | Yes | GATT Art. XXIV and GATS Art. V | Factual presentation distributed,  WT/REG395 |
| 4 | New Zealand – Korea, Rep. of | 20/12/15 | Yes | GATT Art. XXIV and GATS Art. V | Factual presentation distributed,  WT/REG367 |
| 5 | New Zealand – Chinese Taipei | 01/12/13 | Yes | GATT Art. XXIV and GATS Art. V | Factual presentation distributed,  WT/REG348 |
| 6 | New Zealand – Hong Kong, China | 01/01/11 | Yes | GATT Art. XXIV and GATS Art. V | Factual presentation distributed,  WT/REG291 |
| 7 | New Zealand – Malaysia | 01/08/10 | Yes | GATT Art. XXIV and GATS Art. V | Factual presentation distributed,  WT/REG306 |
| 8 | ASEAN – Australia – New Zealand | 01/01/10 | Yes | GATT Art. XXIV and GATS Art. V | Factual presentation distributed, WT/REG284 |
| 9 | New Zealand – China | 01/10/08 | Yes | GATT Art. XXIV and GATS Art. V | Factual presentation distributed,  WT/REG266 |
| 10 | Trans-Pacific Strategic Economic Partnership | 28/05/06 | Yes | GATT Art. XXIV and GATS Art. V | Factual presentation distributed,  WT/REG229 |
| 11 | New Zealand – Thailand | 01/07/05 | Yes | GATT Art. XXIV and GATS Art. V | Factual presentation distributed (only goods),  WT/REG207 |
| 12 | New Zealand – Singapore | 01/01/01 | Yes | GATT Art. XXIV and GATS Art. V | Factual abstracts distributed (goods and services), WT/REG127 |
| 13 | Australia – New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) | 01/01/83 | Yes | GATT Art. XXIV and GATS Art. V | Report adopted (goods); factual abstract distributed (services), WT/REG40 and WT/REG111 |

.. Not available.

Source: WTO Secretariat.

Table A3.1 MFN applied tariff summary, 2021

|  | Number of lines | Average (%) | Range (%) | Coefficient of variation (%) | Duty free (%) |
| --- | --- | --- | --- | --- | --- |
| **Total** | **7,927** | **2.2** | **0-10** | **1.4** | **61.1** |
| HS Chapters 01-24 | 1,345 | 1.5 | 0-5 | 1.5 | 69.0 |
| HS Chapters 25-97 | 6,582 | 2.3 | 0-10 | 1.3 | 59.5 |
| **By WTO category** |  |  |  |  |  |
| WTO agricultural products | 1,082 | 1.8 | 0-5 | 1.4 | 64.6 |
| Animals and products thereof | 137 | 1.8 | 0-5 | 1.4 | 65.0 |
| Dairy products | 27 | 1.3 | 0-5 | 1.7 | 74.1 |
| Fruit, vegetables, and plants | 254 | 1.4 | 0-5 | 1.6 | 72.4 |
| Coffee and tea | 27 | 2.4 | 0-5 | 1.0 | 51.9 |
| Cereals and preparations | 141 | 2.7 | 0-5 | 0.9 | 46.1 |
| Oils seeds, fats, oil and their products | 96 | 0.8 | 0-5 | 2.2 | 83.3 |
| Sugars and confectionery | 20 | 1.8 | 0-5 | 1.4 | 65.0 |
| Beverages, spirits and tobacco | 223 | 2.6 | 0-5 | 1.0 | 47.5 |
| Cotton | 5 | 0.0 | 0-0 | 0.0 | 100.0 |
| Other agricultural products, n.e.s. | 152 | 1.0 | 0-5 | 2.1 | 80.9 |
| WTO non-agricultural products | 6,845 | 2.3 | 0-10 | 1.3 | 60.6 |
| Fish and fishery products | 336 | 0.6 | 0-5 | 2.6 | 87.5 |
| Minerals and metals | 1,235 | 2.1 | 0-10 | 1.2 | 58.6 |
| Chemicals and photographic supplies | 1,181 | 1.1 | 0-10 | 1.9 | 78.2 |
| Wood, pulp, paper and furniture | 514 | 1.7 | 0-10 | 1.5 | 68.7 |
| Textiles | 796 | 2.3 | 0-10 | 1.3 | 59.0 |
| Clothing | 286 | 9.6 | 0-10 | 0.2 | 1.7 |
| Leather, rubber, footwear and travel goods | 308 | 3.8 | 0-10 | 1.0 | 41.2 |
| Non-electric machinery | 858 | 2.4 | 0-5 | 1.0 | 51.5 |
| Electric machinery | 446 | 1.9 | 0-10 | 1.3 | 62.3 |
| Transport equipment | 270 | 3.9 | 0-10 | 1.0 | 40.7 |
| Non-agricultural products, n.e.s. | 547 | 1.6 | 0-10 | 1.5 | 66.5 |
| Petroleum | 68 | 0.9 | 0-5 | 2.2 | 82.4 |
| **By ISIC sector** |  |  |  |  |  |
| ISIC 1 - Agriculture, hunting and fishing | 427 | 0.3 | 0-5 | 3.8 | 93.7 |
| ISIC 2 - Mining | 96 | 0.1 | 0-5 | 9.7 | 99.0 |
| ISIC 3 - Manufacturing | 7,404 | 2.3 | 0-10 | 1.3 | 58.8 |
| Manufacturing excluding food processing | 6,442 | 2.4 | 0-10 | 1.3 | 58.6 |
| **By stage of processing** |  |  |  |  |  |
| First stage of processing | 813 | 0.3 | 0-5 | 4.1 | 94.2 |
| Semi-processed products | 2,408 | 1.4 | 0-5 | 1.6 | 72.9 |
| Fully processed products | 4,706 | 3.0 | 0-10 | 1.1 | 49.4 |
| **By HS section** |  |  |  |  |  |
| 01 Live animals and products | 409 | 0.7 | 0-5 | 2.5 | 86.6 |
| 02 Vegetable products | 341 | 1.0 | 0-5 | 2.0 | 80.1 |
| 03 Fats and oils | 61 | 1.1 | 0-5 | 1.9 | 78.7 |
| 04 Prepared food, beverages and tobacco | 534 | 2.6 | 0-5 | 1.0 | 47.4 |
| 05 Mineral products | 213 | 0.4 | 0-5 | 3.6 | 93.0 |
| 06 Chemicals and products thereof | 1,022 | 0.6 | 0-5 | 2.6 | 57.3 |
| 07 Plastics, rubber, and articles thereof | 393 | 3.1 | 0-10 | 0.8 | 39.4 |
| 08 Raw hides and skins, leather, and its products | 102 | 2.5 | 0-10 | 1.1 | 52.9 |
| 09 Wood and articles of wood | 250 | 2.3 | 0-5 | 1.1 | 53.2 |
| 10 Pulp of wood, paper and paperboard | 223 | 0.0 | 0-0 | 0.0 | 100.0 |
| 11 Textiles and textile articles | 1,053 | 4.2 | 0-10 | 1.0 | 45.6 |
| 12 Footwear, headgear, etc. | 105 | 5.7 | 0-10 | 0.8 | 36.2 |
| 13 Articles of stone, plaster, cement | 232 | 2.5 | 0-10 | 1.1 | 51.7 |
| 14 Precious stones and metals, pearls | 68 | 1.2 | 0-5 | 1.8 | 76.5 |
| 15 Base metals and articles thereof | 798 | 2.6 | 0-10 | 1.0 | 49.4 |
| 16 Machinery, electrical equipment, etc. | 1,325 | 2.1 | 0-10 | 1.2 | 57.0 |
| 17 Transport equipment | 285 | 3.9 | 0-10 | 1.0 | 41.4 |
| 18 Precision equipment | 240 | 0.4 | 0-5 | 3.5 | 90.8 |
| 19 Arms and ammunition | 32 | 2.0 | 0-5 | 1.2 | 56.3 |
| 20 Miscellaneous manufactured articles | 234 | 3.9 | 0-10 | 0.7 | 26.5 |
| 21 Works of art, etc. | 7 | 0.0 | 0-0 | 0.0 | 100.0 |

Note: Including *ad valorem* equivalents (AVEs), as available; excluding tariff lines applying to parts and components, for which the tariff varies depending on the machinery, appliance, or equipment they have been designed to.

Source:WTO Secretariat calculations, based on data provided by the authorities.

Table A3.2 Intellectual property protection, 2022

| Main legislation | Coverage | Duration | Selected exclusions and limitations |
| --- | --- | --- | --- |
| **Patents** |  |  |  |
| Patents Act 2013 | Any invention that compared with the prior art base is novel, involves an inventive step, and has a specific, credible, and substantial utility | 20 years from patent date | An invention is not a patentable invention if its commercial exploitation is contrary to public order or morality.  The following are not patentable inventions: scientific theories or mathematical formulae; art works and literature; business schemes or ways of presenting information; computer programs as such; methods of human medical treatment; diagnostic methods practised on humans; human beings and processes for their generation; processes for cloning humans; using human embryos for industrial or commercial purposes; plant varieties as provided in the Plant Variety Rights Act 1987. |
| **Undisclosed information** | | | |
| Contract and Commercial Law Act 2017  Crimes Act 1961 | Any information the parties agree to under a contract agree to keep confidential  Trade secrets, i.e. any information that is, or has the potential to be, used industrially or commercially; and is not generally available in industrial or commercial use; and has economic value or potential economic value to the possessor of the information; and is the subject of all reasonable efforts to preserve its secrecy | Duration of the contract  Indefinitely where all reasonable efforts are undertaken to preserve its secrecy | Disclosures required under any enactment are excluded. Protection for when information is released in the wider public interest, such as "whistleblowing" that uncovers mismanagement, fraud, corruption, illegality or other wrongdoing. |
| Medicines Act 1981  Agricultural Chemicals and Veterinary Medicines Act 1997 | Protection for data submitted in support of an application for approval of a new pharmaceutical  Protection for data submitted in support of an application for approval of an agricultural chemical | 5 years  10 years for innovative agricultural chemicals and 5 years for non-innovative agricultural chemicals | Data derived from information that is already in the public domain are not protected.  Data derived from information that is already in the public domain are not protected. |
| **Plant variety rights** | | | |
| Plant Variety Rights Act 1987 | Any plant varieties that are new, distinct, stable, and homogeneous | 20 years from the date of grant of plant variety right (23 years – woody plants and their woodstock) | Non-commercial purposes, human consumption or other non-reproductive purposes, and plant‑breeding purposes |
| **Industrial designs** | | | |
| Designs Act 1953 | Any new or original design that has not been published in New Zealand before the filing date; consists of features of shape, configuration, pattern or ornament applied to an article by any industrial process or means, being features that appeal to and are judged solely by the eye | 5 years from date of registration, extendable for two further periods of 5 years | Non-registrable designs: methods or principles of construction; designs that are purely functional; articles which are primarily literary or artistic in character; designs the use of which would be contrary to law or morality |
| **Trademarks** | | | |
| Trade Marks Act 2002 | Any sign capable of being represented graphically, and distinguishing the goods or services of one person from those of another person | 10 years from date of registration, renewable in 10‑year intervals | Non-distinctive trademarks are not registrable: signs that are not trademarks; trademarks that have no distinctive character; trademarks that consist only of signs or indications that may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, time of production of goods or of rendering of services, or other characteristics of goods or services; trademarks that consist only of signs or indications that have become customary in the current language or in the bona fide and established practices of trade; trademarks the use of which would be contrary to law or morality |
| **Geographical indications** | | | |
| Geographical Indications (Wine and Spirits) Registration Act 2006  Fair Trading Act 1986  Trade Marks Act 2002 | Indications that identify a product as originating from a particular territory, region or locality where a given quality, reputation or other characteristic is essentially attributable to its geographical origin | Geographical Indications (Wine and Spirits) Registration Act  5 years, thereafter renewal for further periods of 10 years indefinitely  Fair Trading Act  Enduring so long as it continues to be used.  Trade Marks Act 2002  10 years, thereafter renewal for further periods of 10 years indefinitely | Common descriptive names of products and names of plant varieties and animal names excluded from protection/registration; use of person's name in business not an infringement |
| **Copyrights and related rights** | | | |
| Copyright Act 1994 | Original literary, dramatic, musical, or artistic works; sound recordings; films; communication works; typographical arrangements of published editions | Literary, dramatic, musical, or artistic work: author's life and 50 years from end of calendar year in which the author dies.  Computer-generated works: 50 years from end of calendar year in which work is made.  Sound recording or film: 50 years from end of calendar year in which work is made or made available to public by authorized act, whichever is later.  Communication work: 50 years from end of calendar year in which is first communicated to public.  Typographical arrangement of a published edition – 25 years from end of calendar year in which edition is first published.  Crown copyright – 100 years from end of calendar year in which work is made.  Artistic works industrially applied: 16 years from when work is applied.  Artistic craftsmanship industrially applied: 25 years from when work is applied.  Performance: 50 years from end of calendar year in which performance takes place.  Moral rights are not assignable. | Copyright in a work is not infringed by, *inter alia*: incidental copying of the work in artistic work, sound recording, film or communication work; fair dealing with a work for the purposes of criticism, review, and news reporting; fair dealing with a work for the purposes of research or private study; transient reproduction of work; copying for educational purposes; copying by librarians of parts of published works and articles in periodicals; communication of an archived work in accordance with Section 29C of the Television New Zealand Act 2003; anything done for the purposes of parliamentary or judicial proceedings or reporting them. |
| **Layout designs (topographies) of integrated circuits** | | | |
| Layout Designs Act 1994 | Any original three-dimensional disposition, however expressed, of the elements, at least one of which is an active element, and of some or all of the interconnections, of an integrated circuit; and includes such a three-dimensional disposition prepared for an integrated circuit intended for manufacture | 10 years after the calendar year in which first commercially exploited if it happened within 5 calendar years of being made  Other cases – 15 years after calendar year in which was made | Not considered infringements, *inter alia*: innocent commercial exploitation; copying for private use, copying for research or teaching purposes, copying for evaluation or analysis |

Source: Information provided by the authorities.

Table A3.3 Applications for and registrations of trademarks, patents, and industrial designs, 2014-20

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Applications** | | | | | | | **Registrations** | | | | | | |
|  |  | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** |
| **Trademarksa** | Resident | 15,650 | 15,769 | 16,577 | 17,099 | 17,806 | 18,081 | 22,625 | 12,441 | 13,359 | 12,840 | 13,819 | 14,995 | 14,851 | 16,282 |
| Non-resident | 23,955 | 26,382 | 29,120 | 30,111 | 32,473 | 32,634 | 33,024 | 25,735 | 29,155 | 26,564 | 32,336 | 33,262 | 34,513 | 34,056 |
| Total | 39,605 | 42,151 | 45,697 | 47,210 | 50,279 | 50,715 | 55,649 | 38,176 | 42,514 | 39,404 | 46,155 | 48,257 | 49,364 | 50,338 |
| % Non-resident | 60% | 63% | 64% | 64% | 65% | 64% | 59% | 67% | 69% | 67% | 70% | 69% | 70% | 68% |
| *Abroad* | *20,469* | *22,500* | *26,742* | *24,171* | *30,100* | *29,784* | *28,191* | *21,433* | *23,503* | *22,243* | *23,990* | *26,939* | *30,691* | *27,594* |
| **Patents** | Resident | 1,636 | 1,184 | 1,075 | 1,014 | 1,017 | 324 | 348 | 389 | 344 | 304 | 177 | 82 | 94 | 71 |
| Non-resident | 6,092 | 5,317 | 5,311 | 5,146 | 5,221 | 5,690 | 5,417 | 4,288 | 3,915 | 3,606 | 2,253 | 1,957 | 1,548 | 1,770 |
| Total | 7,728 | 6,501 | 6,386 | 6,160 | 6,238 | 6,014 | 5,765 | 4,677 | 4,259 | 3,910 | 2,430 | 2,039 | 1,642 | 1,841 |
| % Non-resident | 79% | 82% | 83% | 84% | 84% | 95% | 94% | 92% | 92% | 92% | 93% | 96% | 94% | 96% |
| *Abroad* | *1,793* | *2,103* | *1,988* | *2,169* | *2,022* | *1,849* | *2,029* | *786* | *799* | *966* | *989* | *1,154* | *1,066* | *1,239* |
| **Industrial Designsb** | Resident | 400 | 345 | 358 | 343 | 463 | 321 | 352 | 286 | 293 | 249 | 299 | 311 | 341 | 277 |
| Non-resident | 885 | 984 | 1,000 | 948 | 1,118 | 960 | 1,015 | 777 | 1,024 | 932 | 968 | 1,015 | 991 | 1,076 |
| Total | 1,285 | 1,329 | 1,358 | 1,291 | 1,581 | 1,281 | 1,367 | 1,063 | 1,317 | 1,181 | 1,267 | 1,326 | 1,332 | 1,353 |
| % Non-resident | 69% | 74% | 74% | 73% | 71% | 75% | 74% | 73% | 78% | 79% | 76% | 77% | 74% | 80% |
| *Abroad* | *3,634* | *2,859* | *4,279* | *4,368* | *6,418* | *4,019* | *5,910* | *2,163* | *2,794* | *3,443* | *4,341* | *5,670* | *4,254* | *6,601* |

a Class count.

b Design count.

Note: A resident filing refers to an application filed in New Zealand by a New Zealand resident; whereas a non-resident filing refers to one filed by a foreign applicant. "Abroad" refers to an application filed by a New Zealand resident at a foreign office.

Source: WIPO Statistics Database.

Table A3.4 Standards and conformance infrastructure, 2022

| **Activity** | **International organization** | **Regional organization** | **National authority** | **Relevant legislation** |
| --- | --- | --- | --- | --- |
| **Standards** | International Organization for Standardization (ISO)  International Electrotechnical Commission (IEC) | Pacific Area Standards Congress (PASC) | Standards New Zealand (Standards NZ) | Standards and Accreditation Act, 2015 |
| **Physical standards of measurement** | International Bureau of Weights and Measures (BIPM) | Asia-Pacific Metrology Programme (APMP) | Measurement Standards Laboratory (MSL) | Measurement Standards Act, 1992 |
| **Legal measurement** | International Organization of Legal Metrology (OIML) | Asia Pacific Legal Metrology Forum (APLMF) | Trading Standards  Ministry of Business, Innovation and Employment | Weight and Measures Act, 1987 |
| **Accreditation of laboratories, inspection bodies, and radiology services** | International Laboratory Accreditation Co‑operation (ILAC) | Asia-Pacific Accreditation Cooperation (APAC) | International Accreditation New Zealand (IANZ) | Standards and Accreditation Act, 2015  Crown Entities Act, 2004 |
| **Accreditation of certification and inspection bodies** | International Accreditation Forum (IAF)  ILAC | APAC | Joint Accreditation System for Australia and New Zealand (JAS-ANZ) | Agreement between New Zealand and Australia concerning the Establishment of the Governing Board, Technical Advisory Council and Accreditation Review Board of the Joint Accreditation System of Australia and New Zealand, 1998 |

Source: Information provided by the authorities.

Table A4.1 New Zealand air transport agreements, 2021

| Partner | Note | Traffic rights | Code share | Ownership |
| --- | --- | --- | --- | --- |
| **Argentina** |  | 1-6 | Third country | SO and EC |
| **Australia** |  | 1-6 + 7f cargo and 8 | Third country | PI, PPB and EC |
| **Austria** |  | 1-5 | Third country | PI, PPB and EC |
| **Belgium** |  | 1-4 | Third country | PI, PPB and EC |
| **Brazil** |  | 1-6 | Third country | PI, PPB and EC |
| **Brunei Darussalam** | (See MALIAT and MALIAT Protocol) |  |  |  |
| **Cambodia** |  | 1-5 | Third country | PI, PPB and ERC |
| **Canada** |  | 1-6 + 7f cargo | Third country | SO and EC |
| **Chile** | (See MALIAT and MALIAT Protocol) |  |  |  |
| **China** |  | 1-6 | Third country | PPB and ERC |
| **Colombia** |  | 1-5 for pax and 1-4 for cargo + 5 for cargo on 14 times per week at two points to be nominated | Third country | PPB and ERC |
| **Cook Islands** | (See MALIAT) |  |  |  |
| **Denmark** |  | 1-5 | Third country | PI, PPB and EC |
| **Ecuador** |  | 1-6 | Third country | PI, PPB and ERC |
| **Fiji** |  | 1-6 | Third country | SO and EC |
| **Finland** |  | 1-8 | Third country | PPB and ERC |
| **France** |  | 1-4 + limited 5 | Restricted third country code-sharing for French carriers | SO and EC |
| **French Polynesia** |  | 1-6 | Third country | SO and EC |
| **New Caledonia** |  | 1-4 | Code-sharing, but not third country | SO and EC |
| **Germany** |  | 1-5, 7f cargo | Third country | PI and PPB |
| **Greece** |  | 1-5 | Third country | PI, PPB and ERC for NZ / established in Greece in accordance with the Agreement on the European Economic Area and has a valid Operating License in accordance with national law adopted in accordance with the EEA Agreement; and ERC; and SO and EC by states and/or nationals of the European Economic Area |
| **Guyana** |  | 1-5 for pax and 1-7 for cargo | Third country | PI, PPB and ERC |
| **Hong Kong, China** |  | 1-5 | Third country | PI and PPB |
| **India** |  | 1-5 | Third country, except to New Delhi. Code-share points for New Zealand are New Delhi, Mumbai, Bangalore, Chennai, Kolkata, Hyderabad, and Kochi. Code-share points for India are any point in New Zealand + Wellington and Christchurch domestically. | SO and EC |
| **Indonesia** |  | 1-5 | Third country | PI, PPB and ERC for New Zealand / SO and EC for Indonesia |
| **Ireland** |  | 1-7  Rights between the Americas and Ireland can only be exercised to and from other points in Ireland while the same designated airline is operating direct corresponding fifth freedom transatlantic services to and from Shannon | Third country  Code share arrangements via London for traffic between the Americas and Ireland will only be permitted while the same designated airline is operating direct corresponding fifth freedom transatlantic services to and from Shannon | PI, PPB, majority ownership and EC |
| **Israel** |  | 1-5 | Third country | PI, PPB, and ERC |
| **Italy** |  | 1-4 | Third country | PI, PPB, and ERC for NZ / established in Italy in accordance with the Agreement on the European Economic Area and has a valid Operating License in accordance with national law adopted in accordance with the EEA Agreement; and ERC; and SO and EC by states and/or nationals of the European Economic Area |
| **Jamaica** |  | 1-6 + 7f cargo | Third country | PI, PPB and ERC + a CARICOM carrier provision for Jamaica |
| **Japan** |  | 1-5 | Third country | SO and EC |
| **Kiribati** |  | 1-7 | Third country | PI, PPB and ERC |
| **Korea, Republic of** |  | 1-5 | Third country | SO and EC |
| **Kuwait, State of** |  | 1-6, 7 cargo | Third country | PI, PPB and ERC |
| **Lao People's Democratic Republic** |  | 1-5 | Third country | PI, PPB and ERC |
| **Luxembourg** |  | 1-6, 7 cargo | Third country | PI, PPB, and ERC |
| **Macao, China** |  | 1-6 | No code-share provisions | PI and PPB |
| **Malaysia** |  | 1-7 | Third country | PI, PPB and EC |
| **Mauritius** |  | 1-4 for pax and 1-5 for cargo | Third country | PI, PPB, and ERC for New Zealand and PI, SO and EC and ERC for Mauritius |
| **Mexico** |  | 1-4 | Third country | PI, PPB and EC |
| **Mongolia** | (See MALIAT cargo-only) |  | Third country |  |
| **Myanmar** |  | 1-5 | Third country | PI, PPB and ERC |
| **Nauru** |  | 1-4 | No code-share provisions | SO and EC |
| **Niue** |  | 1-5 | No code-sharing provisions | SO and EC |
| **Norway** |  | 1-5 | Third country | PI, PPB and EC |
| **Papua New Guinea** |  | 1-4 + limited 5 for New Zealand | No third country code-sharing | PI, PPB and ERC |
| **Peru** |  | 1-6 +7f cargo | Third country | PI, PPB and EC |
| **Philippines** |  | 1-5 | Third country code-sharing permitted for 3rd and 4th freedom services via any one intermediate point to be nominated; own stopover rights permitted; capacity not to count against marketing carrier | PI, PPB and EC |
| **Poland** |  | 1-5 + 7f cargo | Third country | PI, PPB and ERC for New Zealand / established in Poland in accordance with the Agreement on the European Economic Area and has a valid Operating License in accordance with national law adopted in accordance with the EEA Agreement; and ERC; and SO and EC by states and/or nationals of the European Economic Area |
| **Qatar** |  | 1-8 | Third country | SO and EC |
| **Russian Federation** |  | 1-6 | Third country | SO and EC |
| **Samoa** |  | 1-7 | Third country | PI, PPB and EC |
| **Saudi Arabia, Kingdom of** |  | 1-6 +7f cargo | Third country | PI, PPB and ERC |
| **Seychelles** |  | 1-5 + 7f cargo | Third country | PI, PPB and ERC |
| **Singapore** | (See MALIAT and MALIAT Protocol) |  |  |  |
| **Solomon Islands** |  | 1-5 | No code-sharing provisions | SO and EC |
| **South Africa** |  | 1-5 | Third country | PI, PPB and EC vested in Contracting Party (not nationals) |
| **Spain** |  | 1-4  Fifths to be determined | Third country | PI, PPB and EC |
| **Sri Lanka** |  | 1-5 | Third country | PPB and ERC |
| **Sweden** |  | 1-5 | Third country | PI, PPB and EC |
| **Switzerland** |  | 1-6 | Third country | PI, PPB and ERC |
| **Chinese Taipei** |  | 1-6 | Third country | PPB and ERC |
| **Thailand** |  | 1-6 + 7f cargo | Third country | SO and EC |
| **Tonga** | (See MALIAT) |  |  |  |
| **Turkey** |  | 1-4 + 7f cargo  Fifth to be determined | Third country | SO and EC  PI and PPB |
| **United Arab Emirates** |  | 1-7, cabotage code share with designated airlines of other party | Third country | PI, PPB and ERC |
| **United Kingdom** |  | 1-9 | Third country | NZ: PI, PPB and ERC  UK:  PPB and ERC in EU member states  Direct or Majority ownership and Effective Control by EU member states, Iceland, Liechtenstein, Norway, or Switzerland and/or nationals of those States |
| **United States** | (See MALIAT) |  |  |  |
| **Uruguay** |  | 1-6 + 7f cargo | Third country | PI, PPB and ERC |
| **Vanuatu** |  | 1-5 | Third country | SO and EC |
| **Viet Nam** |  | 1-4 + limited 7f cargo | Third country | PPB and ERC |
| **Zambia** |  | 1-6 | Third country | PPC and ERC |
| **MALIAT** |  | 1-6 + 7f cargo |  | PI, PPB and EC |
| **MALIAT Protocol** |  | 7 pax + 8 |  | PI, PPB and EC |
| **MALIAT cargo-only** |  | 1-7f |  | PI, PPB and EC |

Note: SO = Substantial Ownership, EC = Effective Control, PI = Place of Incorporation, PPB = Principal Place of Business, ERC = Effective Regulatory Control, X PW = times per week.

Source: Information provided by the authorities.

**\_\_\_\_\_\_\_\_\_\_**

1. IMD, *Competitiveness Ranking 2021, Country Overview: New Zealand*. Viewed at: <https://worldcompetitiveness.imd.org/countryprofile/NZ/wcy>. [↑](#footnote-ref-1)
2. Productivity growth is how much output can be generated with a given level of labour and capital. IMF estimates show that New Zealand's performance regarding productivity growth has persistently lagged other advanced economies. [↑](#footnote-ref-2)
3. Youth unemployment rate was 11.3% in 2019 (similar to the OECD average but higher than the 9.4% average of major advanced economies and the 4.1% overall unemployment rate). Female unemployment was higher than male unemployment in most age groups, while historically there has been high unemployment rates among Māori and Pacific people. IMF (2021), *New Zealand: Selected Issues*, IMF Country Report No. 21/89, pp. 3-4. [↑](#footnote-ref-3)
4. IMF (2021), *The Land of the Long White Cloud: Turning New Zealand's Recovery into Sustained Growth*, pp. 6-7. Viewed at: <https://www.imf.org/en/News/Articles/2021/05/25/na052521-the-land-of-the-long-white-cloud-turning-new-zealands-recovery-into-sustained-growth>. [↑](#footnote-ref-4)
5. Data provided by the authorities. [↑](#footnote-ref-5)
6. WTO Statistics database, *Trade Profiles: New Zealand*. Viewed at: <https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/NZ_e.pdf>. [↑](#footnote-ref-6)
7. WTO document WT/TPR/S/316/Rev.1, 12 October 2015. [↑](#footnote-ref-7)
8. The figures related to GDP growth, inflation, and current account as share of GDP are IMF estimates on the basis of calendar year, not fiscal year. IMF (2021), *World Economic Outlook*, October. [↑](#footnote-ref-8)
9. IMF (2019), *New Zealand: Staff Report for the 2020 Article IV Consultation*, IMF Country Report No. 19/303, p. 4. [↑](#footnote-ref-9)
10. IMF (2021), *New Zealand: Staff Report for the 2020 Article IV Consultation*, IMF Country Report No. 21/88, p. 2. [↑](#footnote-ref-10)
11. There were five COVID-19 Wage Subsidy Schemes between March 2020 and December 2021 to respond to COVID-19 Alert Level 3 or 4 escalations during that period – the most restrictive public health measures. Over NZD 18 billion (5.5% of GDP in FY2020/21) was paid out across all schemes. Information provided by the authorities. [↑](#footnote-ref-11)
12. In 2021, New Zealand participated in a Joint Ministerial statement in which 12 economies affirmed their commitment to ensuring supply chain connectivity during the pandemic. As Chair of the Asia-Pacific Economic Cooperation (APEC), New Zealand also promoted similar initiatives involving the 21 APEC member economies. [↑](#footnote-ref-12)
13. Ministry of Foreign Affairs & Trade (MFAT), *Trade Recovery Strategy*. Viewed at: <https://www.mfat.govt.nz/en/trade/trade-recovery-strategy/trade-recovery-strategy-overview>. [↑](#footnote-ref-13)
14. For example, the Māori underutilization rate has returned to near its pre-COVID-19 level, although Pasifika unemployment and underutilization remain elevated. [↑](#footnote-ref-14)
15. Information provided by the authorities. [↑](#footnote-ref-15)
16. IMF (2021), *World Economic Outlook*, October. [↑](#footnote-ref-16)
17. IMF Country Report No. 21/88, p. 7. [↑](#footnote-ref-17)
18. UNDP, *Human Development Index 2015*. Viewed at: <http://hdr.undp.org/en/content/human-development-index-hdi>. [↑](#footnote-ref-18)
19. The Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018 is available at: <https://www.legislation.govt.nz/act/public/2018/0059/latest/LMS65426.html>. [↑](#footnote-ref-19)
20. The remit provides the Monetary Policy Committee (MPC) with its operational objectives, consistent with the economic objectives in Section 8 of the Reserve Bank of New Zealand Act 1989. A replacement remit came into force on 1 March 2021. RBNZ, *Monetary Policy Framework*. Viewed at: <https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/monetary-policy-framework>. [↑](#footnote-ref-20)
21. New Zealand Government (2021), "Reserve Bank to Take Account of Housing in Decision Making", 25 February. Viewed at: <https://www.beehive.govt.nz/release/reserve-bank-take-account-housing-decision-making>. [↑](#footnote-ref-21)
22. RBNZ, *Monetary Policy Framework*. Viewed at: <https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/monetary-policy-framework>. [↑](#footnote-ref-22)
23. The RBNZ uses its six-weekly OCR decision to dial up or down the cost of money, which affects spending, saving, and investing decisions. [↑](#footnote-ref-23)
24. RBNZ, *History of Policy Targets Agreements*. Viewed at: <https://www.rbnz.govt.nz/monetary-policy/history-of-policy-targets-agreements>. [↑](#footnote-ref-24)
25. RBNZ, *History of Policy Targets Agreements*. Viewed at: <https://www.rbnz.govt.nz/monetary-policy/history-of-policy-targets-agreements>. [↑](#footnote-ref-25)
26. IMF (2021), *World Economic Outlook*, October. [↑](#footnote-ref-26)
27. RBNZ (2021), *Monetary Policy Statement*, August. Viewed at: <https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Publications/Monetary%20policy%20statements/2021/mpsaug21.pdf?revision=3627c6fa-6462-453a-af85-06e62f47705c>. [↑](#footnote-ref-27)
28. IMF Country Report No. 21/88, p. 12. [↑](#footnote-ref-28)
29. The NZ dollar has floated independently since March 1985 and the *de facto* exchange rate arrangement is free floating. [↑](#footnote-ref-29)
30. IMF Country Report No. 21/88, p. 38. [↑](#footnote-ref-30)
31. IMF Country Report No. 21/88, p. 12. [↑](#footnote-ref-31)
32. Financial statements are prepared for the Government as a whole in accordance with the Public Sector Finance Act 1989. [↑](#footnote-ref-32)
33. IMF Country Report No. 21/88, p. 12. [↑](#footnote-ref-33)
34. IMF Country Report No. 21/88, p. 9. [↑](#footnote-ref-34)
35. IMF Country Report No. 21/88, p. 12. [↑](#footnote-ref-35)
36. IMF (2021), *World Economic Outlook*, October. [↑](#footnote-ref-36)
37. Information provided by the authorities. [↑](#footnote-ref-37)
38. IMF (2021), *The Land of the Long White Cloud: Turning New Zealand's Recovery into Sustained Growth*, p. 6. [↑](#footnote-ref-38)
39. While the meaning of the expression "the Crown" (or Sovereign) varies depending on the context in which it is used, "the Crown" is generally used to describe the executive government (i.e. Ministers and their departments) may also be referred to as "the Crown". Viewed at: <https://dpmc.govt.nz/our-business-units/cabinet-office/supporting-work-cabinet/cabinet-manual/1-sovereign-governor-1>. [↑](#footnote-ref-39)
40. The usual number of seats in Parliament is 120, but this number may sometimes be greater because of overhang seats. Overhang seats may arise when a party wins more electorate seats than it is entitled to, based on its share of the party vote. [↑](#footnote-ref-40)
41. New Zealand Government (2019), *Economic Plan for a Productive, Sustainable and Inclusive Economy*, September. Viewed at: <https://www.mbie.govt.nz/assets/economic-plan.pdf>. [↑](#footnote-ref-41)
42. New Zealand Government (2017), "PM Launches Ambitious Trade Agenda", 24 March. Viewed at: <https://www.beehive.govt.nz/release/pm-launches-ambitious-trade-agenda>. Under the Trade Agenda 2030, New Zealand targeted to have 90% of its merchandise exports to be covered by FTAs by 2030 (up from an estimated 53% at the time of writing the Agenda), and identified four pillars for the country's trade policy. These pillars were to: (i) expand New Zealand's network of FTAs, maximize the benefits of existing agreements though upgrades and enhanced implementation, and sustain the WTO; (ii) intensify its work on non-tariff barriers; (iii) provide greater focus to services, investment, and the digital economy; and (iv) provide appropriate assistance to exporters to enhance their competitiveness. The authorities indicate that this plan no longer guides New Zealand's trade policy, as it was superseded by the Trade for All Agenda. [↑](#footnote-ref-42)
43. The report also notes that the Government opposes the inclusion of Investor-State Dispute Settlement provisions in FTAs (see the Trade for All Advisory Board (2019), *Report of the Trade for* *All Advisory Board*, Key Findings section, para. 9). [↑](#footnote-ref-43)
44. Trade for All Advisory Board (2019), *Report of the Trade for All Advisory Board*, November. [↑](#footnote-ref-44)
45. The authorities further indicate that there is no single document for the Trade for All Agenda, but rather various documents including the Trade for All Agenda Advisory Board report, and the Government response. [↑](#footnote-ref-45)
46. MFAT, *Trade Recovery Strategy*. Viewed at: <https://www.mfat.govt.nz/en/trade/trade-recovery-strategy/trade-recovery-strategy-overview/>. [↑](#footnote-ref-46)
47. In addition to these actions and to offset the impacts of domestic lockdowns, the NZTE implemented various types of COVID‑19 financial support schemes for businesses. These schemes include a wage subsidy scheme, a COVID‑19 resurgence support payment, and a small business cashflow loan. Business.govt.nz, *COVID‑19: Financial Support for Businesses*. Viewed at: <https://www.business.govt.nz/covid-19/financial-support-for-businesses/>. [↑](#footnote-ref-47)
48. Every year between 2015 and 2020, New Zealand was a chair of a WTO body. WTO, *Current WTO Chairpersons*. Viewed at: <https://www.wto.org/english/thewto_e/secre_e/current_chairs_e.htm>. [↑](#footnote-ref-48)
49. WTO documents JOB/GC/204/Rev.8, JOB/CTG/14/Rev.8, 12 November 2021. [↑](#footnote-ref-49)
50. WTO documents WT/GC/W/752, 26 November 2018; and WT/DSB/W/609, 12 January 2018; and their revisions. [↑](#footnote-ref-50)
51. WTO document WT/Let/1049, 20 July 2015. New Zealand submitted its instrument of accession to the WTO Secretariat on 13 July 2015, and the GPA came into effect 30 days later, on 12 August 2015. [↑](#footnote-ref-51)
52. WTO document WT/Let/1082, 2 October 2015. [↑](#footnote-ref-52)
53. This case was the subject of two separate consultations, one requested in August 2013 (DS466) and another requested in May 2014 (DS477); only the latter (DS477) progressed to the panel stage. [↑](#footnote-ref-53)
54. WTO Disputes Database. Viewed at: <https://www.wto.org/english/tratop_e/dispu_e/find_dispu_cases_e.htm>. [↑](#footnote-ref-54)
55. *Indonesia –* *Importation of Horticultural Products, Animals and Animal Products* (DS477, DS478).WTO document series WT/DS477 and WT/DS478. [↑](#footnote-ref-55)
56. Excluding addendum and corrigendum for TBT- and SPS-related notifications. [↑](#footnote-ref-56)
57. Regarding the scope of application of New Zealand FTAs, the authorities indicate that all of New Zealand's modern FTAs include a Treaty of Waitangi exception clause that protects the Government's ability to adopt policies that fulfil its obligations to Māori, including under the Treaty of Waitangi, even if the measures are inconsistent with New Zealand obligations under the corresponding FTA. [↑](#footnote-ref-57)
58. In accordance with RCEP provisions, the RCEP will enter into force 60 days following ratification by at least 6 ASEAN members and 3 non-ASEAN members. [↑](#footnote-ref-58)
59. MFAT, *Free Trade Agreements under Negotiation*. Viewed at: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-under-negotiation/>. [↑](#footnote-ref-59)
60. The text of this Agreement can be viewed at: <https://www.treaties.mfat.govt.nz/search/details/t/1402>. Under the Agreement, New Zealand and Canada took commitments on a reciprocal basis. [↑](#footnote-ref-60)
61. The authorities indicate that the tariff preferences granted to the United Kingdom predated the GATT 1994 and were carried over following the GATT's entry into force. These preferences are not reciprocal on a one-to-one basis but involve some reciprocity. They further indicate that the legal instruments regulating these preferences are the Tariff Act 1988 (7A(2)(a) and (b)) and the Working Tariff Document. [↑](#footnote-ref-61)
62. WTO Factual Presentation of the Free Trade Agreement between the Republic of Korea and New Zealand, WTO document WT/REG367/1/Rev.1, 28 September 2016. [↑](#footnote-ref-62)
63. All parties signed PACER Plus on 14 June 2017, except for Vanuatu, which signed it on 7 September of the same year. The negotiations originally also included the Marshall Islands, the Federated States of Micronesia, and Palau, but they decided not to sign the concluded agreement. The authorities further indicate that Fiji and Papua New Guinea also participated, but withdrew at an earlier stage of the negotiations. [↑](#footnote-ref-63)
64. WTO Secretariat based on UN Comtrade data. [↑](#footnote-ref-64)
65. Pacific Agreement on Closer Economic Relations, Article 5. [↑](#footnote-ref-65)
66. MFAT (2017), *Pacific Agreement on Closer Economic Relations (PACER) Plus National Interest Analysis*,6 June. Kiribati, a non-WTO member, eliminated duties on all its tariff lines in 2014. [↑](#footnote-ref-66)
67. Australia Department of Foreign Affairs and Trade, *National Interest Analysis [2017] ATNIA 31 with attachments Pacific Agreement on Closer Economic Relations Plus (PACER Plus) and Associated Side Letter (Nuku'alofa, 14 June 2017) [2017] ATNIF 4*. [↑](#footnote-ref-67)
68. PACER Plus, Article 3. [↑](#footnote-ref-68)
69. PACER Plus, Articles 8 and 9. [↑](#footnote-ref-69)
70. New Zealand ratified the CPTPP on 25 October 2018. [↑](#footnote-ref-70)
71. The CPTPP was signed following the withdrawal of the United States from the Trans-Pacific Partnership, which was signed in 2016 but did not come into force. Twenty-two Articles were suspended from the TPP under the CPTPP. [↑](#footnote-ref-71)
72. WTO Factual Presentation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and its Appendix 5 New Zealand, WTO documents WT/REG395/1/Rev.1, 8 September 2021; and WT/REG395/1/Add.5, 1 April 2021. [↑](#footnote-ref-72)
73. In the case of Viet Nam's commitments to Mexico, the end of implementation will be in 2039 rather than 2038. [↑](#footnote-ref-73)
74. The WTO Services Sector Classification (WTO document MTN.GNS/W/120, 10 July 1991) is based on the UN Central Product Classification, and comprises 11 sectors and 55 subsectors. [↑](#footnote-ref-74)
75. India left the RCEP negotiations in 2019. [↑](#footnote-ref-75)
76. The 10 ASEAN countries are Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam. [↑](#footnote-ref-76)
77. Asian Development Bank (2020), *ADB Briefs*, No. 164, December. [↑](#footnote-ref-77)
78. Another expected benefit for New Zealand would have been the participation of India in the Agreement, with whom it did not yet have an FTA; however, India has withdrawn from the negotiations for the time being. [↑](#footnote-ref-78)
79. WTO Secretariat estimates. [↑](#footnote-ref-79)
80. The transition period will be 20 years for Australia, Cambodia, the Lao People's Democratic Republic, the Republic of Korea, Myanmar, New Zealand, the Philippines, and Thailand; 21 years for China and Japan; 23 years for Indonesia and Malaysia; 25 years for Brunei Darussalam and Viet Nam; 35 years for imports by the Republic of Korea from China; and 36 years for China's imports from the Republic of Korea. For Singapore, implementation will be immediate upon the Agreement's entry into force. [↑](#footnote-ref-80)
81. MFAT (2020), *Regional Comprehensive Economic Partnership National Interest Analysis*. [↑](#footnote-ref-81)
82. RCEP, Article 10.18. [↑](#footnote-ref-82)
83. Protocol to Amend the Agreement between Singapore and New Zealand on a Closer Economic Partnership, signed on 17 May 2019. [↑](#footnote-ref-83)
84. MFAT (2018), *Protocol to Amend the Agreement between Singapore and New Zealand on a Closer Economic Partnership and associated instruments: National Interest Analysis*, October. [↑](#footnote-ref-84)
85. Protocol to upgrade the Free Trade Agreement between the Government of People's Republic of China and the Government of New Zealand; and New Zealand Foreign Affairs and Trade, Protocol to Upgrade the New Zealand-China Free Trade Agreement. MFAT (2020), *National Interest Analysis*. [↑](#footnote-ref-85)
86. MFAT, *Upgrading AANZFTA*. Viewed at: <https://www.mfat.govt.nz/vn/trade/free-trade-agreements/free-trade-agreements-in-force/asean-australia-new-zealand-free-trade-agreement-aanzfta/upgrading-aanzfta/>. [↑](#footnote-ref-86)
87. New Zealand's GSP scheme was already in line with the requirements under the WTO Ministerial Decision 2015 on "Preferential Rules of Origin for Least Developed Countries" at the time of the decision (WTO document WT/MIN(15)/47, WT/L/917/Add.1, 19 December 2015), so no further changes to its GSP scheme were needed. [↑](#footnote-ref-87)
88. SPARTECA was notified under the Enabling Clause in 1981 (GATT document L/5100, 20 February 1981). [↑](#footnote-ref-88)
89. WTO documents WT/L/847, 17 December 2011; WT/L/918, 6 December 2013; and S/C/N/813, 28 July 2015. [↑](#footnote-ref-89)
90. APEC (2018), *APEC's Bogor Goals Progress Report.* [↑](#footnote-ref-90)
91. APEC (1994), *1994 Leaders' Declaration*,15 November. [↑](#footnote-ref-91)
92. APEC (2020), *2020 Leaders' Declaration, APEC Putrajaya Vision 2040*, 20 November. The Putrajaya Vision 2040 is based on three economic drivers: trade and investment; innovation and digitalization; and strong, balanced, secure, sustainable, and inclusive growth. [↑](#footnote-ref-92)
93. APEC, *Annex: Aotearoa Plan of Action*. Viewed at: <https://www.apec.org/meeting-papers/leaders-declarations/2021/2021-leaders-declaration/annex-aotearoa-plan-of-action>. [↑](#footnote-ref-93)
94. Information provided by the authorities. [↑](#footnote-ref-94)
95. The Treasury (2019), *Summary: Overseas Investment in New Zealand*. [↑](#footnote-ref-95)
96. These reforms were adopted through the Overseas Investment Amendment Act 2018 of 22 August 2018, the Overseas Investment (Urgent Measures) Amendment Act 2020 of 7 June 2020, and the Overseas Investment Amendment Act 2021 of 24 May 2021. These Acts entered into force on 22 October 2018, 16 June 2020, and 5 July 2021, respectively, with some provisions being implemented afterwards. [↑](#footnote-ref-96)
97. The Treasury (2019), *Summary: Overseas Investment in New Zealand*. [↑](#footnote-ref-97)
98. Investments involving sensitive land are not subject to any monetary screening threshold. [↑](#footnote-ref-98)
99. The definition of sensitive land was modified in August 2018 to include residential land so that investments in residential land would also be subject to the screening mechanism. [↑](#footnote-ref-99)
100. A higher threshold may apply to overseas investors under New Zealand's FTAs (see below). [↑](#footnote-ref-100)
101. The Overseas Investment Act 2005 incorporates Sections 56-58B of the Fisheries Act 1996. [↑](#footnote-ref-101)
102. An overseas person is defined under New Zealand's legislation as: (i) an individual who is neither a New Zealand citizen nor an ordinarily resident in New Zealand; (ii) a company incorporated outside New Zealand; (iii) a company that is more than 25% owned or controlled by an overseas person; or (iv) a New Zealand individual or entity investing on behalf of an overseas person. Additional rules apply to some types of entities, such as joint ventures, trusts, managed investment schemes, and listed companies (Overseas Investment Act 2005, Article 7). [↑](#footnote-ref-102)
103. For investments involving sensitive land for forestry activities, the benefit test can take the form of three different consent options depending on the intended land use (i.e. special forestry test, general benefit test, or standing consent). [↑](#footnote-ref-103)
104. LINZ (2020), *Annual Report 2019/2020*. [↑](#footnote-ref-104)
105. Overseas Investment Act 2005, Article 18A. [↑](#footnote-ref-105)
106. Overseas Investment Act 2005, Article 17. [↑](#footnote-ref-106)
107. The revised investor test came into effect in March 2021, and the changes to the benefit test in November 2021. [↑](#footnote-ref-107)
108. This excludes applications to acquire residential land through the "One Home to Live In" pathway. [↑](#footnote-ref-108)
109. Prior to the reforms, the test allowed the OIO to consider any offence, contravention, or any other matter reflecting adversely on the relevant person's character. [↑](#footnote-ref-109)
110. Ministerial Directive Letter of 8 December 2021, para. 46, made pursuant to Section 34 of the Overseas Investment Act. The Ministerial Directive directs the regulator on how it exercises its functions. [↑](#footnote-ref-110)
111. From 1 January to 30 June 2021, 31 consent pathways transactions underwent national interest assessments. LINZ (2021), *Annual Report 2020/2021*. [↑](#footnote-ref-111)
112. Overseas Investment Act 2005, Articles 6(1) and 20A(1). Article 6(1) includes the definitions of a strategically important business and a non-New Zealand government investor. [↑](#footnote-ref-112)
113. The categories of strategically important businesses covered by the NSPO notification system are broadly the same as those subject to the national interest test with very few exceptions. The Treasury (2021), *Guidance Note: Foreign Investment Policy and National Interest Guidance*, June. [↑](#footnote-ref-113)
114. Overseas Investment Act 2005, Articles 20D, 82, 85 and 86. Critical direct suppliers are defined in Article 20D. [↑](#footnote-ref-114)
115. OIO, *Find Out If You Need to Notify Us of Your Transaction*. Viewed at: <https://www.linz.govt.nz/overseas-investment/discover/find-out-if-you-need-notify-us-your-transaction>. [↑](#footnote-ref-115)
116. Ministerial Directive Letter of 8 December 2021, made pursuant to Section 34 of the Overseas Investment Act. [↑](#footnote-ref-116)
117. Excluding withdrawn applications and "One Home to Live In" applications, and including exemptions and variations to consent. [↑](#footnote-ref-117)
118. OIO, *Overseas Investment Office Decision Statistics, 2020/21*. Viewed at: <https://www.linz.govt.nz/overseas-investment-office-decision-statistics-202021>. [↑](#footnote-ref-118)
119. Information provided by the authorities. [↑](#footnote-ref-119)
120. Excluding applications for investments on residential land or property, which can be processed in some cases as quickly as 10 working days. OIO, *Assessment Timeframes*. Viewed at: <https://www.linz.govt.nz/overseas-investment/discover/our-assessment-process/assessment-timeframes#how-assess>. [↑](#footnote-ref-120)
121. Excluding "One Home to Live In" applications. [↑](#footnote-ref-121)
122. UNCTAD Investment Policy Hub. Viewed at: <https://investmentpolicy.unctad.org/international-investment-agreements/countries/150/new-zealand>. [↑](#footnote-ref-122)
123. WTO RTA database. Viewed at: <http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>. [↑](#footnote-ref-123)
124. The Treasury (2018), *Overseas Investment Amendment Regulations: Implementing the Comprehensive and Progressive Agreement for Trans-Pacific Partnership*, July*.* [↑](#footnote-ref-124)
125. The ISDS mechanism under the CPTPP applies between New Zealand and the other parties except for Australia, Brunei Darussalam, Malaysia, Peru, and Viet Nam, with which New Zealand has signed a side letter for the non-application of the ISDS mechanism. [↑](#footnote-ref-125)
126. The list of countries participating in DTAs with New Zealand is available at: <http://taxpolicy.ird.govt.nz/tax-treaties>. [↑](#footnote-ref-126)
127. The new Act is available at: <https://www.legislation.govt.nz/act/public/2018/0004/latest/whole.html>. [↑](#footnote-ref-127)
128. NZCS (2018), *Customs and Excise Acts 1996/2018: Comparison Guide*. Viewed at: [https://www.customs.govt.nz/](https://www.customs.govt.nz/globalassets/documents/ce-2018/comparison-guide.pdf)[globalassets/documents/ce-2018/comparison-guide.pdf](https://www.customs.govt.nz/globalassets/documents/ce-2018/comparison-guide.pdf). [↑](#footnote-ref-128)
129. Information regarding import documentation, clearance, and requirements is available at: <https://www.customs.govt.nz/business/import/>. [↑](#footnote-ref-129)
130. TSW. Viewed at: [www.tsw.govt.nz/prod/external/application/login/app.html](http://www.tsw.govt.nz/prod/external/application/login/app.html). [↑](#footnote-ref-130)
131. World Bank (2020), *Doing Business 2020, Economy Profile*. Viewed at: <https://www.doingbusiness.org/content/dam/doingBusiness/country/n/new-zealand/NZL.pdf>. [↑](#footnote-ref-131)
132. Information provided by NZCS. [↑](#footnote-ref-132)
133. WCO (2019), *Guide to Measure the Time Required for the Release of Goods, Version 3, 2018*. Viewed at: [http://www.wcoomd.org/en/topics/facilitation/resources/~/media/  
     01713916ED2A4BD38DC119C5E64B890D.ashx](http://www.wcoomd.org/en/topics/facilitation/resources/~/media/01713916ED2A4BD38DC119C5E64B890D.ashx). [↑](#footnote-ref-133)
134. According to the authorities, this measure supports the WTO Agreement on Trade Facilitation (non‑mandatory provision of Article 3 – Advance Rulings). [↑](#footnote-ref-134)
135. NZCS (2018), *Importer Guide: Provisional Values Scheme*. Viewed at: <https://www.customs.govt.nz/globalassets/documents/guides/importer-guide-provisional-values-scheme.pdf>. [↑](#footnote-ref-135)
136. WTO TFA database. Viewed at: [<https://tfadatabase.org/members/new-zealand>](https://tfadatabase.org/members/new-zealand/pdf). [↑](#footnote-ref-136)
137. NZCS, *Customs Duties*. Viewed at: [https://www.customs.govt.nz/COVID‑19/businesses/customs-duties](https://www.customs.govt.nz/covid-19/businesses/customs-duties). [↑](#footnote-ref-137)
138. WTO document WT/MIN(15)/47, WT/L/917/Add.1, 19 December 2015. [↑](#footnote-ref-138)
139. This agreement upgrades the previous agreement between New Zealand and Singapore. [↑](#footnote-ref-139)
140. NZCS (2016), *Tariff (Harmonised System) Amendment Order 2016*. Viewed at: <https://www.customs.govt.nz/globalassets/documents/legal-documents/tariff-harmonised-system-amendment-order-2016.pdf>. [↑](#footnote-ref-140)
141. Office of the Minister of Commerce and Consumer Affairs, *Import Tariff Levels After 2017*. Viewed at: <https://www.mbie.govt.nz/assets/5a90aac8bd/cabinet-paper-import-tariff-levels-after-2017.pdf>. [↑](#footnote-ref-141)
142. NZCS, *Customs Duties*. Viewed at: [https://www.customs.govt.nz/COVID‑19/businesses/customs-duties](https://www.customs.govt.nz/covid-19/businesses/customs-duties). [↑](#footnote-ref-142)
143. New Zealand Government (2020), "COVID‑19 Response: New Zealand and Singapore Launch Initiative to Ensure Free Flow of Essential Goods", 15 April. Viewed at: [https://www.beehive.govt.nz/release/COVID‑19-response-new-zealand-and-singapore-launch-initiative-ensure-free-flow-essential](https://www.beehive.govt.nz/release/covid-19-response-new-zealand-and-singapore-launch-initiative-ensure-free-flow-essential). [↑](#footnote-ref-143)
144. For 2021, out of the six specific rates, five *ad valorem* equivalents (AVEs) were calculated based on 2020 import data provided by the authorities. For one specific rate, import data were not available and thus it was not possible to calculate its AVE. [↑](#footnote-ref-144)
145. This decrease could have been a bit more pronounced but with the change to the 2017 nomenclature the average tariff of transport equipment increased from 3.4% in 2014 to 3.9% due to the splitting of lines. [↑](#footnote-ref-145)
146. WTO document G/MA/TAR/RS/661, 24 November 2021. [↑](#footnote-ref-146)
147. Details on tariff concessions are available at NZCS, *Tariff Concessions*. Viewed at: <https://www.customs.govt.nz/business/tariffs/tariff-concessions>. [↑](#footnote-ref-147)
148. NZCS, *New Health Promotion Agency (HPA) Levy Rates for Alcohol from 1 July 2021*. Viewed at: <https://www.customs.govt.nz/about-us/news/important-notices/new-health-promotion-agency-hpa-levy-rates-for-alcohol-from-1-july-2021/>. [↑](#footnote-ref-148)
149. Parliamentary Counsel Office, New Zealand Legislation, *Climate Change (Synthetic Greenhouse Levies) Regulations 2013*. Viewed at: <http://www.legislation.govt.nz/regulation/public/2013/0046/latest/DLM5093414.html>. [↑](#footnote-ref-149)
150. Inland Revenue, Tax Policy, *Publications*. Viewed at: <https://taxpolicy.ird.govt.nz/publications#sort=%40irsctpdate%20descending&numberOfResults=25>. [↑](#footnote-ref-150)
151. NZCS, *Working Tariff Document*. Viewed at: <https://www.customs.govt.nz/business/tariffs/working-tariff-document/working-tariff-document/>. [↑](#footnote-ref-151)
152. NZCS, *New Health Promotion Agency (HPA) Levy Rates for Alcohol from 1 July 2021*. Viewed at: <https://www.customs.govt.nz/about-us/news/important-notices/new-health-promotion-agency-hpa-levy-rates-for-alcohol-from-1-july-2021/>. [↑](#footnote-ref-152)
153. NZCS, *Import Prohibitions and Restrictions*. Viewed at: <https://www.customs.govt.nz/business/import/import-prohibited-and-restricted-imports/prohibitions-and-restrictions/>. [↑](#footnote-ref-153)
154. WTO document G/MA/QR/N/NZL/2, 7 October 2014. [↑](#footnote-ref-154)
155. WTO document G/MA/QR/N/NZL/5, 25 March 2021. [↑](#footnote-ref-155)
156. Parliamentary Counsel Office, New Zealand Legislation, *Trade (Anti-dumping and Countervailing Duties) Act 1988*. Viewed at: <https://www.legislation.govt.nz/act/public/1988/0158/latest/DLM137948.html>. [↑](#footnote-ref-156)
157. MBIE, *Trade Remedy Investigations*. Viewed at: <https://www.mbie.govt.nz/business-and-employment/business/trade-and-tariffs/trade-remedies/trade-remedy-investigations/>. [↑](#footnote-ref-157)
158. See WTO documents G/SCM/N/313/NZL, 1 March 2017; G/SCM/N/334/NZL, 13 September 2018; G/SCM/N/342/NZL, 26 March 2019; and G/SCM/N/349/NZL, 16 October 2019. [↑](#footnote-ref-158)
159. Information regarding export clearance and preferences under New Zealand's free trade agreements is available at: <https://www.customs.govt.nz/search/?query=export+clearance>. [↑](#footnote-ref-159)
160. World Bank (2020), *Doing Business 2020, Economy Profile*. Viewed at: <https://www.doingbusiness.org/content/dam/doingBusiness/country/n/new-zealand/NZL.pdf>. [↑](#footnote-ref-160)
161. NZCS, *Export Prohibitions and Restrictions*. Viewed at: <https://www.customs.govt.nz/business/export/export-prohibitions-and-restrictions>. [↑](#footnote-ref-161)
162. Goods and Services Tax Act 1985, Section 12: Imposition of goods and services tax on imports. Customs and Excise Act 2018: Subpart 6: Section 107-108 Excise Duty and excise-equivalent credits; Subpart 7 - Assessment, payment and recovery of Duty: Section 142-150 Refunds, Remissions and Drawback of duty; Subpart 8 - Interest and penalties for late or incorrect payments of duty, incorrect refunds of duty, and drawback incorrectly allowed: Section 165-173 Remission and Refunds of interest and penalties. [↑](#footnote-ref-162)
163. The Treasury, *NZECO in Two Minutes*. Viewed at: <https://exportcredit.treasury.govt.nz/about-us/nzec-two-minutes>. [↑](#footnote-ref-163)
164. The Treasury, *NZECO in Two Minutes*. Viewed at: <https://exportcredit.treasury.govt.nz/about-us/nzec-two-minutes>. [↑](#footnote-ref-164)
165. Callaghan Innovation. Viewed at: [https://www.rd.callaghaninnovation.govt.nz/](https://aus01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.rd.callaghaninnovation.govt.nz%2F&data=04%7C01%7CSeona.Ku%40mbie.govt.nz%7Cab0a0082b8b54320bea008d93b77190a%7C78b2bd11e42b47eab0112e04c3af5ec1%7C0%7C0%7C637606204966338313%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=4O3EJh9DgQLkUfZ6R9ozhNz9KyKUmqGhktZPo2KvAgQ%3D&reserved=0). [↑](#footnote-ref-165)
166. Callaghan Innovation, *Innovation Skills*. Viewed at: <https://www.callaghaninnovation.govt.nz/innovation-skills>. [↑](#footnote-ref-166)
167. NZTE, *Exporting with NZTE*. Viewed at: <https://www.nzte.govt.nz/page/exporting-with-nzte>. [↑](#footnote-ref-167)
168. WTO document G/SCM/N/372/NZL, 30 June 2021. [↑](#footnote-ref-168)
169. The last year for new applications was 2017/18. Ministry for Primary Industries, *Primary Growth Partnership (PGP)*. Viewed at: <https://www.mpi.govt.nz/funding-rural-support/primary-growth-partnerships-pgps/>. [↑](#footnote-ref-169)
170. WTO document G/SCM/N/372/NZL, 30 June 2021. [↑](#footnote-ref-170)
171. That is, Regional Councils, District Councils, and Unitary Authorities. [↑](#footnote-ref-171)
172. Standards and Accreditation Act 2015, 20 October 2015. [↑](#footnote-ref-172)
173. Standards and Accreditation Act 2015, Articles 7, 10, and 15. [↑](#footnote-ref-173)
174. Standards and Accreditation Act 2015, Articles 11 and 12. [↑](#footnote-ref-174)
175. Standards and Accreditation Act 2015, Article 10; and Standards Act 1988, Article 10. [↑](#footnote-ref-175)
176. WTO document WT/TPR/S/316/Rev.1, 12 October 2015. [↑](#footnote-ref-176)
177. Regarding the withdrawal of older standards, the authorities indicate that they encourage taking up existing standards, where possible. [↑](#footnote-ref-177)
178. The authorities further indicate that this review process does not imply that standards that are at least 10 years old are withdrawn by default. [↑](#footnote-ref-178)
179. Notifications were made under Articles 2.9.2 and 5.6.2 of the TBT Agreement. WTO TBT Information Management System. Viewed at: <http://tbtims.wto.org/>. [↑](#footnote-ref-179)
180. Notifications were made under Article 2.10.1 of the TBT Agreement. [↑](#footnote-ref-180)
181. TBT Information Management System. Viewed at: <http://tbtims.wto.org/>. [↑](#footnote-ref-181)
182. Accreditation Council, *2020 Annual Report.* [↑](#footnote-ref-182)
183. JAS-ANZ (2021), *Annual Report 2020-21*, 27 September. [↑](#footnote-ref-183)
184. Standards and Accreditation Act 2015, Articles 33-36. [↑](#footnote-ref-184)
185. Since 30 August 2017, Telarc Limited is fully owned by the Accreditation Council. Prior to this date, the Accreditation Council owned 75% of the shares of Telarc Limited. [↑](#footnote-ref-185)
186. MBIE (2019), *Conformance System Strategy: A Common Direction and Goals for Enhancing the Conformance System*. [↑](#footnote-ref-186)
187. Including the APEC Mutual Recognition Arrangement on Conformity Assessment of Foods and Food Products, which is a framework agreement that, as at January 2022, did not contain any product-specific commitments. [↑](#footnote-ref-187)
188. As at January 2022, New Zealand had notified one MRA (i.e. with the European Union) under Article 10.7 of the TBT Agreement (WTO document G/TBT/10.7/N/27, 14 October 1999). [↑](#footnote-ref-188)
189. MBIE (2018), *A Guide to New Zealand's Standards and Conformance System*, March. [↑](#footnote-ref-189)
190. The authorities further indicate that as of January 2022 New Zealand has not negotiated any sectoral or product-specific arrangement under this APEC MRA. [↑](#footnote-ref-190)
191. Unfair Trading Act 1986, Articles 16 and 26. [↑](#footnote-ref-191)
192. Weights and Measure Regulations 1999, Part 5. [↑](#footnote-ref-192)
193. Australia-New Zealand Food Standards Code, Part 1.2 (Standards 1.2.1 to 1.2.10) and Part 1.4 (Standard 1.4.4). [↑](#footnote-ref-193)
194. Consumer Information Standards (Care Labelling) Regulations 2000, Consumer Information Standards (Country of Origin (Clothing and Footwear) Labelling) Regulations 1992, Consumer Information Standards (Fibre Content Labelling) Regulations 2000, Consumer Information Standards (Used Motor Vehicles) Regulations 2008, Consumer Information Standards (Water Efficiency) Regulations 2017, Consumer Information Standards (Origin of Food) Regulations 2021. [↑](#footnote-ref-194)
195. WTO document G/TBT/N/NZL/93, 9 December 2019. [↑](#footnote-ref-195)
196. WTO document G/TBT/M/81, 26 June 2020. [↑](#footnote-ref-196)
197. The Smoke-free Environments (Tobacco Standardised Packaging) Amendment Act 2016, the Smoke‑free Environments Regulations 2017, and their amendments. [↑](#footnote-ref-197)
198. Information provided by the authorities and viewed at: <https://www.health.govt.nz/publication/proposals-smokefree-aotearoa-2025-action-plan>. [↑](#footnote-ref-198)
199. MPI, *Redesign of Animal Products and Wine Regulations and Notices*. Viewed at: <https://www.mpi.govt.nz/legal/legislation-standards-and-reviews/redesign-of-animal-products-and-wine-regulations-and-notices/>. [↑](#footnote-ref-199)
200. The MPI maintains export certification systems for food, plant, and animal products whereby it authorizes approved organizations to carry out certification services on its behalf. [↑](#footnote-ref-200)
201. MPI, *Work to Strengthen Food Recalls and Risk-based Plans and Programmes*. Viewed at: <https://www.mpi.govt.nz/consultations/proposals-to-strengthen-food-recalls-and-risk-based-plans-and-programmes/>. [↑](#footnote-ref-201)
202. MPI (2015), *National Policy Direction for Pest Management*. Viewed at: <https://www.mpi.govt.nz/dmsdocument/9464-National-Policy-Direction-for-Pest-Management-2015>. [↑](#footnote-ref-202)
203. MPI, *Fees and Charges Overview*. Viewed at: <https://www.mpi.govt.nz/legal/legislation-standards-and-reviews/legislation-fees-and-charges/updated-fees-and-charges/>. [↑](#footnote-ref-203)
204. Biosecurity Amendment Act 2015. [↑](#footnote-ref-204)
205. GIA, *Government Industry Agreement*. Viewed at: <https://www.gia.org.nz/>. [↑](#footnote-ref-205)
206. MPI, *The Role and Responsibilities of FSANZ*. Viewed at: <https://www.mpi.govt.nz/food-business/food-safety-codes-standards/australia-new-zealand-co-operation/food-standards-australia-new-zealand-fsanz/>. [↑](#footnote-ref-206)
207. MPI, My Food Rules online tool. Viewed at: <https://www.mpi.govt.nz/food-business/food-safety-rules/>. [↑](#footnote-ref-207)
208. MPI (2021), *Food Notice: Importing Food*, November. Viewed at: <https://www.mpi.govt.nz/dmsdocument/10685/direct#:~:text=To%20provide%20visibility%20and%20control,manner%20be%20specified%20by%20Notice.&text=Categorising%20food%20in%20this%20manner,imported%20food%20based%20on%20risk>. [↑](#footnote-ref-208)
209. MPI, *Import Health Standards*. Viewed at: <https://www.mpi.govt.nz/legal/compliance-requirements/ihs-import-health-standards>. [↑](#footnote-ref-209)
210. MPI, *Genetically Modified Seeds and Nursery Stock*. Viewed at: <https://www.mpi.govt.nz/import/plants-flowers-seeds-plant-growing-products/seeds-for-sowing/genetically-modified-seeds-and-nursery-stock/>. [↑](#footnote-ref-210)
211. During the reporting period, the Commerce Act 1986 was amended 12 times (from 1 March 2016 to 8 April 2021). For more details about the amendments, see <https://www.legislation.govt.nz/act/public/1986/0005/latest/versions.aspx?av=True>. [↑](#footnote-ref-211)
212. Commerce Act, Sections 4‑6. [↑](#footnote-ref-212)
213. OECD (2019), *Annual Report on Competition Policy Developments in New Zealand, 2018*, document DAF/COMP/AR(2019)25. Viewed at: <https://one.oecd.org/document/DAF/COMP/AR(2019)25/en/pdf>. [↑](#footnote-ref-213)
214. For more about the collaborative activity clearance regime, see Section 65A of the Commerce Act. [↑](#footnote-ref-214)
215. For more about the exception relating to the vertical supply of goods and services, see Section 32 of the Commerce Act. [↑](#footnote-ref-215)
216. When giving a clearance or granting an authorization for business acquisitions, the Commerce Commission may accept a written undertaking to dispose of assets or shares specified in the undertaking. For more details, see Section 69A of the Commerce Act. [↑](#footnote-ref-216)
217. For more details on market studies in general and the Retail Fuel, Retail Grocery, and Residential Building Supplies market studies, see <https://comcom.govt.nz/about-us/our-role/competition-studies>. [↑](#footnote-ref-217)
218. Commerce Commission (2019), *Mergers and Acquisitions Guidelines*. Viewed at: <https://comcom.govt.nz/__data/assets/pdf_file/0020/91019/Mergers-and-acquisitions-Guidelines-July-2019.pdf>. [↑](#footnote-ref-218)
219. Commerce Commission, *Statement of Intent: Our Approach for 2020-2024*. Viewed at: <https://comcom.govt.nz/__data/assets/pdf_file/0014/222305/Statement-of-Intent-20202024.PDF>. [↑](#footnote-ref-219)
220. Commerce Commission (2020), *Business Collaboration under COVID‑19*. Viewed at: <https://comcom.govt.nz/__data/assets/pdf_file/0019/215812/Business-collaboration-under-COVID-19-guidelines-May-2020.pdf>. [↑](#footnote-ref-220)
221. The text of the Fuel Industry Act 2020 can be viewed at: <https://www.legislation.govt.nz/act/public/2020/0060/latest/LMS321426.html>. [↑](#footnote-ref-221)
222. Commerce Commission, *Market Study into the Grocery Sector*. Viewed at: <https://comcom.govt.nz/about-us/our-role/competition-studies/market-study-into-retail-grocery-sectoComr>. [↑](#footnote-ref-222)
223. Electricity Authority (2020), *Saves and Win-backs Code: Amendment*, 18 February. Viewed at: <https://www.ea.govt.nz/assets/dms-assets/26/26369Saves-and-Win-backs-Code-Amendment-Decision-Paper.PDF>. [↑](#footnote-ref-223)
224. Commerce Commission (2018), *Competition and Consumer Investigation Guidelines*. Viewed at: <https://comcom.govt.nz/__data/assets/pdf_file/0028/89821/Competition-and-Consumer-Investigation-Guidelines-July-2018.pdf>. [↑](#footnote-ref-224)
225. Commerce Commission, *Annual Report 2020*. Viewed at: <https://comcom.govt.nz/__data/assets/pdf_file/0018/234027/Commerce-Commission-Annual-Report-2020.pdf>. [↑](#footnote-ref-225)
226. New Zealand also signed the Trans-Pacific Partnership Agreement (TPP) in February 2016. Following the United States' withdrawal from the TPP, the remaining members concluded negotiations on the CPTPP on 23 January 2018. [↑](#footnote-ref-226)
227. WTO document G/STR/N/18/NZL, 2 July 2020. [↑](#footnote-ref-227)
228. Commerce Commission, *Regulated Industries*. Viewed at: <http://www.comcom.govt.nz/regulated-industries/>. [↑](#footnote-ref-228)
229. The Treasury, *Portfolio of Companies and Entities*. Viewed at: <https://www.treasury.govt.nz/information-and-services/commercial-portfolio-and-advice/commercial-portfolio>. [↑](#footnote-ref-229)
230. Data provided by the authorities. [↑](#footnote-ref-230)
231. For more details on these five principles, see the New Zealand Government Procurement website: <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-principles/>. [↑](#footnote-ref-231)
232. All the relevant documents can be viewed on the New Zealand Government Procurement website: <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/>. [↑](#footnote-ref-232)
233. The list of government agencies required or encouraged to apply the Rules can be viewed on the New Zealand Government Procurement website: <https://www.procurement.govt.nz/about-us/mandate-and-eligibility/eligible-agencies-procurement/>. [↑](#footnote-ref-233)
234. See Rule 16 on Broader Outcomes. [↑](#footnote-ref-234)
235. The Guidelines on removing barriers for New Zealand businesses (viewed at: <https://www.procurement.govt.nz/assets/procurement-property/documents/broader-outcomes/removing-barriers-for-new-zealand-businesses.pdf>) and on supporting Māori, Pasifika, and regional businesses (viewed at: <https://www.procurement.govt.nz/assets/procurement-property/documents/broader-outcomes/supporting-maori-pasifika-and-regional-businesses.pdf>) provide additional details. [↑](#footnote-ref-235)
236. The Broader Outcomes are explained in detail in the Rules. For example, Rule 17 obliges procuring entities to consider how they can facilitate access of New Zealand businesses to the government procurement sector, including Māori, Pasifika, and regional businesses, as well as social enterprises. Nevertheless, facilitating access for local businesses should not violate the principle of non-discrimination and the contract should be awarded to the supplier offering the best value for money. [↑](#footnote-ref-236)
237. New Zealand Government Procurement (2019), *Government Procurement Rules*. Viewed at: <https://www.procurement.govt.nz/assets/procurement-property/documents/government-procurement-rules.pdf>. [↑](#footnote-ref-237)
238. For more details, see Rule 19 on Improving Conditions for New Zealand Workers. Another sustainability-related norm is included in Rule 20 on Transitioning to a Net-Zero Emissions Economy and Designing Waste Out of the System, which mandates procuring entities to support the procurement of low‑waste and low-emissions goods and services. [↑](#footnote-ref-238)
239. Commitment 12 of the National Action Plan 2018-2020 aims "to publish the data on government-awarded contracts that is currently publicly available on the Government Electronic Tenders Service (GETS) as open data". Open Government Partnership New Zealand, *Third National Action Plan*. Viewed at: <https://ogp.org.nz/new-zealands-plan/third-national-action-plan-2018-2020>. [↑](#footnote-ref-239)
240. Such Panels may be established by an entity for its use only or be open for use by other entities when established and approved as an Open Syndicated Contract. [↑](#footnote-ref-240)
241. All entities must purchase through these agreements, unless there is a good reason not to. [↑](#footnote-ref-241)
242. World Bank Data. Viewed at: <https://data.worldbank.org/indicator/BX.GSR.ROYL.CD?locations=NZ>. [↑](#footnote-ref-242)
243. Charges for the use of intellectual property are payments and receipts between residents and non‑residents for the authorized use of proprietary rights (such as patents, trademarks, copyrights, industrial processes and designs including trade secrets, and franchises) and for the use, through licensing agreements, of produced originals or prototypes (such as copyrights on books and manuscripts, computer software, cinematographic works, and sound recordings) and related rights (such as for live performances and television, cable, or satellite broadcast). [↑](#footnote-ref-243)
244. New Zealand has notified most new laws and regulations and amendments to existing laws and regulations to the TRIPS Council. The associated notifications, carrying the IP/N/1/NZL/- symbol, have been provided in relevant footnote references. [↑](#footnote-ref-244)
245. MBIE, *Proposed Intellectual Property Laws Amendment Bill*. Viewed at: <https://www.mbie.govt.nz/business-and-employment/business/intellectual-property/proposed-intellectual-property-laws-amendment-bill/>. [↑](#footnote-ref-245)
246. MBIE, *Research, Science and Innovation System Performance Report 2018*, p. 2. Viewed at: <https://www.mbie.govt.nz/dmsdocument/1499-research-science-and-innovation-system-performance-report-2018>. [↑](#footnote-ref-246)
247. MBIE (2021), "MBIE Open Consultation on Issues Facing Research, Science and Innovation System", 28 October. Viewed at: <https://www.mbie.govt.nz/about/news/mbie-opens-consultation-on-issues-facing-research-science-and-innovation-system/>; and *Te Ara Paerangi – Future Pathways*. Viewed at: <https://www.mbie.govt.nz/science-and-technology/science-and-innovation/research-and-data/te-ara-paerangi-future-pathways/>. [↑](#footnote-ref-247)
248. New Zealand Government (2015), *The Business Growth Agenda 2015/16: Toward 2025*, p. 6. Viewed at: <https://www.beehive.govt.nz/sites/default/files/Business%20Growth%20Agenda%20-%20Towards%202025.pdf>. [↑](#footnote-ref-248)
249. MBIE, *National Statement of Science Investment, 2015-2025*, p. 34. Viewed at: <https://www.mbie.govt.nz/assets/2eaba48268/national-statement-science-investment-2015-2025.pdf>. [↑](#footnote-ref-249)
250. OECD, *Main Science and Technology Indicators*, Vol. 2021, Issue 1, Tables 2 and 14. Viewed at: <https://www.oecd-ilibrary.org/docserver/eea67efc-en.pdf?expires=1635607066&id=id&accname=ocid195767&checksum=4C13C1EB2473881A8686F8DFDEF83BAE>. The Government's total investment in RSI for FY2020/21 was approximately NZD 1.8 billion. MBIE (2020), *Briefing for the Incoming Minister of Research, Science and Innovation*, November, p. 24. Viewed at: <https://www.beehive.govt.nz/sites/default/files/2020-12/RSI.pdf>. [↑](#footnote-ref-250)
251. MBIE (2016), *What We Know (And Don't Know) about Economic Growth in New Zealand*, Working Paper 16/01, p. 25. Viewed at: <https://www.mbie.govt.nz/dmsdocument/4028-what-we-know-and-dont-know-about-economic-growth-in-new-zealand>. [↑](#footnote-ref-251)
252. Taxation (Research and Development Tax Credits) Act 2019. Viewed at: <https://legislation.govt.nz/act/public/2019/0015/latest/LMS110236.html>. [↑](#footnote-ref-252)
253. COVID‑19 Response (Taxation and Social Assistance Urgent Measures) Act 2020. Viewed at: <https://www.legislation.govt.nz/act/public/2020/0008/latest/whole.html>. [↑](#footnote-ref-253)
254. MBIE (2020), *Briefing for the Incoming Minister of Research, Science and Innovation*, p. 5. [↑](#footnote-ref-254)
255. Derwent (2020), *Survey of New Zealand Patent Activity*, p. 37. Viewed at: <https://www.iponz.govt.nz/assets/pdf/about-iponz/clarivate-report-survey-of-new-zealand-patent-activity.pdf>. The Patents Act 2013 adopted the international standard of absolute novelty, rather than local novelty, and requires examiners to examine an invention's inventive step. [↑](#footnote-ref-255)
256. MBIE (2020), *Briefing for the Incoming Minister of Research, Science and Innovation*, p. 10. [↑](#footnote-ref-256)
257. MBIE, *National Statement of Science Investment, 2015-2025*. [↑](#footnote-ref-257)
258. MBIE, *Funding Agencies*. Viewed at: <https://www.mbie.govt.nz/science-and-technology/science-and-innovation/funding-information-and-opportunities/funding-agencies/>. [↑](#footnote-ref-258)
259. CI, *About: Our Role*. Viewed at: <https://www.callaghaninnovation.govt.nz/about-us/our-role>. See also TRIPS Council, Minutes of Meeting held 13 February 2019, WTO document IP/C/M/91/Add.1, 2 April 2019, paras. 276-277. [↑](#footnote-ref-259)
260. CI, *Access to Experts: Technology Incubators*. Viewed at: <https://www.callaghaninnovation.govt.nz/access-experts/technology-incubators>; and CI (2019), "Changes to Boost Startup Incubation and Networks", 8 April. Viewed at: <https://www.callaghaninnovation.govt.nz/news-and-events/changes-boost-startup-incubation-and-networks>. See also TRIPS Council, Minutes of Meeting held 11 June 2014, WTO document IP/C/M/76/Add.1, 18 August 2014, paras. 320-322. [↑](#footnote-ref-260)
261. CI, *Access to Experts: Accelerators*. Viewed at: <https://www.callaghaninnovation.govt.nz/access-experts/accelerators>. [↑](#footnote-ref-261)
262. NZTE, *About NZTE*. Viewed at: <https://www.nzte.govt.nz/page/about-nzte>. See also TRIPS Council, Minutes of Meeting held 13 February 2019, WTO document IP/C/M/91/Add.1, 2 April 2019, para. 278. [↑](#footnote-ref-262)
263. Information provided by the authorities. See MBIE (2015), *Evaluation of the NZTE International Growth Fund*, April. Viewed at: <https://www.mbie.govt.nz/dmsdocument/2270-evaluation-nzte-international-growth-fund-pdf>. [↑](#footnote-ref-263)
264. IPONZ (2021), *IPONZ Year in Review 2019/20*, pp. 9-10. Viewed at: <https://www.iponz.govt.nz/assets/pdf/about-iponz/iponz-year-in-review-201920.pdf>. [↑](#footnote-ref-264)
265. IPONZ, *IP Business Management*. Viewed at: <https://www.iponz.govt.nz/about-ip/overview/ip-business-management/>. [↑](#footnote-ref-265)
266. WIPO, *WIPO-Administered Treaties*. Viewed at: <https://wipolex.wipo.int/en/treaties/ShowResults?country_id=134C>. [↑](#footnote-ref-266)
267. MFAT, *Free Trade Agreements*. Viewed at: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/>. [↑](#footnote-ref-267)
268. MFAT, *New Zealand-United Kingdom Free Trade Agreement*. Viewed at: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-under-negotiation/new-zealand-united-kingdom-free-trade-agreement/>; and United Kingdom Department for International Trade, *UK‑New Zealand Free Trade Agreement*. Viewed at: <https://www.gov.uk/government/collections/uk-new-zealand-free-trade-agreement>. [↑](#footnote-ref-268)
269. IPONZ, *Global Patent Prosecution Highway*. Viewed at: <https://www.iponz.govt.nz/about-ip/patents/gpph/>. [↑](#footnote-ref-269)
270. APEC, *Intellectual Property Rights Experts Group*. Viewed at: <https://www.apec.org/groups/committee-on-trade-and-investment/intellectual-property-rights-experts-group>. [↑](#footnote-ref-270)
271. Haka Ka Mate Attribution Act 2014. Viewed at: <https://www.legislation.govt.nz/act/public/2014/0018/latest/DLM5954403.html>. [↑](#footnote-ref-271)
272. The Waitangi Tribunal is a permanent commission of inquiry that makes recommendations on claims brought by Māori relating to Crown actions allegedly in breach the Treaty of Waitangi, an 1840 agreement between the British Crown and Māori rangatira (chiefs). [↑](#footnote-ref-272)
273. Waitangi Tribunal (2011), "Ko Aotearoa Tēnei: Report on the Wai 262 Claim Released", 2 July. Viewed at: <https://www.waitangitribunal.govt.nz/news/ko-aotearoa-tenei-report-on-the-wai-262-claim-released/>. [↑](#footnote-ref-273)
274. Te Puni Kōkiri, Ministry of Māori Development, *Te Pae Tawhiti: Wai 262*. Viewed at: <https://www.tpk.govt.nz/en/a-matou-kaupapa/te-ao-maori/wai-262-te-pae-tawhiti>. [↑](#footnote-ref-274)
275. New Zealand Parliament, *Plant Variety Rights Bill*. Viewed at: <https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_111271/plant-variety-rights-bill>. [↑](#footnote-ref-275)
276. Waitangi Tribunal, Wai 262 report *Ko Aotearoa Tenei*, pp. 96-97. Viewed at: <https://forms.justice.govt.nz/search/Documents/WT/wt_DOC_68356054/KoAotearoaTeneiTT1W.pdf>. [↑](#footnote-ref-276)
277. MBIE, *Mātauranga and Taonga Māori and the Intellectual Property System*. Viewed at: <https://www.mbie.govt.nz/business-and-employment/business/intellectual-property/matauranga-and-taonga-maori-and-the-intellectual-property-system/>. [↑](#footnote-ref-277)
278. Patents (Trans-Tasman Patent Attorneys and Other Matters) Amendment Act 2016, WTO document IP/N/1/NZL/11, IP/N/1/NZL/P/8, 8 April 2021. [↑](#footnote-ref-278)
279. CPTPP Amendment Act 2018, Section 72, WTO document IP/N/1/NZL/15, IP/N/1/NZL/C/8, IP/N/1/NZL/P/10, IP/N/1/NZL/T/7, IP/N/1/NZL/O/1, 8 April 2021. See also IPONZ (2018), "Amendment to the Patents Act 2013 in Effect from 30 December 2018", 6 December. Viewed at: <https://www.iponz.govt.nz/news/amendment-to-the-patents-act-2013/>. [↑](#footnote-ref-279)
280. Patents Amendment Regulations 2019, WTO document IP/N/1/NZL/18, IP/N/1/NZL/P/11, 8 April 2021. [↑](#footnote-ref-280)
281. IPONZ, *IPONZ Fees Review and Consultation*. Viewed at: <https://www.iponz.govt.nz/about-iponz/iponz-fees-review-and-consultation/>. [↑](#footnote-ref-281)
282. The Patent Act 2013 adopted of the international standard of absolute novelty, rather than local novelty, and requires examiners to examine an invention's inventive step. WTO document IP/N/1/NZL/5, IP/N/1/NZL/P/5, 23 February 2015. [↑](#footnote-ref-282)
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418. All Nippon Airways, American Airlines, Asiana, Austrian Airlines, British Airways, EVA Airways Corporation, Finnair, Iberia, Japan Airlines, JetBlue Airways Corporation, Lufthansa, Oman Air, Scandinavian Airlines System, SriLankan Airlines, Swiss International, TATA SIA Airlines, Turkish Airlines, and United Airlines. [↑](#footnote-ref-418)
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