NEW ZEALAND

TRADE SUMMARY

U.S. goods exports in 2013 were $3.2 billion, down 0.1 percent from the previous year. Corresponding U.S. imports from New Zealand were $3.5 billion, up 1.4 percent. The U.S. goods trade deficit with New Zealand was $260 million in 2013, up $52 million from 2012. New Zealand is currently the 52nd largest export market for U.S. goods.

U.S. exports of private commercial services (*i.e.*, excluding military and government) to New Zealand were $2.0 billion in 2012 (latest data available), and U.S. imports were $1.9 billion. Sales of services in New Zealand by majority U.S.-owned affiliates were $3.9 billion in 2011, while sales of services in the United States by majority New Zealand-owned firms were $345 million.

The stock of U.S. foreign direct investment (FDI) in New Zealand was $9.5 billion in 2012 (latest data available), up from $7.9 billion in 2011. U.S. FDI in New Zealand is mostly in the finance/insurance, and manufacturing sectors.

TRADE AGREEMENTS

New Zealand is a participant in the Trans-Pacific Partnership (TPP) Agreement negotiations, through which the United States and 11 other Asia-Pacific partners are seeking to establish a comprehensive, next-generation regional agreement to liberalize trade and investment. Once concluded this agreement will advance U.S. economic interests with some of the fastest-growing economies in the world; expand U.S. exports, which are critical to the creation and retention of jobs in the United States; and serve as a potential platform for economic integration across the Asia-Pacific region. The United States is proposing to include in the TPP agreement ambitious commitments on goods, services, and other traditional trade and investment matters and a range of new and emerging issues to address trade concerns our businesses and workers face in the 21st century. In addition to the United States and New Zealand, the TPP negotiating partners currently include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore and Vietnam.

IMPORT POLICIES

Tariff rates in New Zealand are generally low as a result of several rounds of unilateral tariff cuts that began in the mid-1980s. At 2 percent, New Zealand has one of the lowest average most favored nation (MFN) applied tariff rates among industrialized countries. In 2012, the average applied MFN tariff rate was 1.4 percent for agricultural products and 2.2 percent for industrial goods. New Zealand has bound 47.5 percent of its tariff lines at zero duty in the WTO and applies zero duty on 64.7 percent of its tariff lines. In October 2013, the New Zealand government decided that tariffs will remain unchanged until at least June 2017, except where they are being reduced through trade agreements. The next New Zealand government review of tariff levels will take place in 2016 to consider whether to change overall tariff levels after 2017.

GOVERNMENT PROCUREMENT

In August 2012, New Zealand announced its intention to join the WTO Government Procurement Agreement, with the accession process expected to be completed within two years. New Zealand is currently an observer to the WTO Committee on Government Procurement. As of March 2014, New Zealand was working to conclude its accession procedures.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

New Zealand generally provides strong intellectual property rights protection and enforcement. In September 2013, it passed the Patents Act 2013, which replaces the Patents Act 1953. New Zealand has begun implementing the new law, establishing the Intellectual Property Office of New Zealand to communicate with the public on matters arising under the Act, but most of the provisions will not go into force until September 2014. The U.S. Government will monitor implementation of the law, including with respect to software patentability.

In April 2011, the Copyright (Infringing File Sharing) Amendment Act became law. Although many rights holders were initially optimistic about the legislation, they have since expressed concerns regarding implementing regulations issued by the Ministry of Economic Development, which permit Internet service providers to charge up to NZ$25 (approximately $21) per issuance of an infringement notice. The cost has deterred some rights holders from using the system and the New Zealand government is currently reviewing submissions by stakeholders on this issue.

The United States continues to encourage the New Zealand government to accede to and implement the World Intellectual Property Organization (WIPO) Performance and Phonograms Treaty and the WIPO Copyright Treaty. The United States welcomed the entry into force of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (the Madrid Protocol), with respect to New Zealand, on December 10, 2012.

SERVICES BARRIERS

Telecommunications

Mobile termination rates (MTRs), a charge mobile network suppliers levy on other operators for completing calls to the mobile network's subscribers, have until recently been unregulated in New Zealand. New Zealand's dominant telecommunications companies, Vodafone and Telecom, had historically maintained termination rates among the highest of all industrialized countries. The incumbents appear to have used these rates to put new, smaller mobile entrants at a competitive disadvantage. On a national basis, Vodafone and Telecom control 51 percent and 46 percent of the market, respectively.

In May 2011, the New Zealand Commerce Commission issued a decision requiring cost-based rates for MTRs, thereby increasing competition and reducing wholesale termination rates for mobile calls and text messages. Pursuant to the decision, termination rates for text messages were immediately reduced, and mobile call termination rates were reduced in April 2012, with additional annual reductions until April 2014, resulting in rates that are now competitive by global standards.

INVESTMENT BARRIERS

Investment Screening

New Zealand screens any foreign investment that would result in the acquisition of 25 percent or more of ownership in, or of a controlling interest in, "significant business assets" (defined as assets valued at more than NZ$100 million (approximately $84 million)). In addition, it screens foreign investors or entities that acquire 25 percent or more of a fishing quota, either directly or through the acquisition of a company that already possesses a quota, as well as acquisitions of land defined as "sensitive" by the Overseas Investment Act (OIA) 2005.

In September 2010, New Zealand announced new implementing rules under the OIA, which provide New Zealand ministers increased power to consider a wider range of issues when evaluating overseas investment applications involving sensitive land (such as farmland greater than five hectares, land adjoining the foreshore, or conservation land). Under the rules, two additional factors are evaluated under a benefit test: an "economic interests" factor that allows ministers to consider whether New Zealand's economic interests are "safeguarded," and a "mitigating" factor that enables ministers to consider whether an overseas investment provides adequate opportunities for New Zealand oversight or involvement.

OTHER BARRIERS

Pharmaceuticals

The Pharmaceutical Management Agency (PHARMAC), created in 1993, determines which medicines to fund for use in community and public hospitals, negotiates prices with pharmaceutical companies, and sets subsidy levels and reimbursement criteria. U.S. stakeholders have expressed strong concerns about PHARMAC's regulatory process, including the lack of transparency, timeliness, and predictability in the funding process and unreasonable delays in reimbursing new products. These longstanding concerns have been exacerbated as PHARMAC expands into areas that were previously unregulated, including medical devices. PHARMAC reportedly is working to improve transparency and increase stakeholder involvement in its processes.