NEW ZEALAND

TRADE SUMMARY

U.S. goods exports in 2014 were $4.3 billion, up 32.1 percent from the previous year. New Zealand is currently the 48th largest export market for U.S. goods. Corresponding U.S. imports from New Zealand were $4.0 billion, up 14.1 percent. The U.S. goods trade surplus with New Zealand was $281 million in 2014, shifting from a trade deficit of $261 million in 2013.

U.S. exports of services to New Zealand were $2.1 billion in 2013 (latest data available), and U.S. imports were $1.5 billion. Sales of services in New Zealand by majority U.S.-owned affiliates were $4.2 billion in 2012 (latest data available), while sales of services in the United States by majority New Zealand-owned firms were $451 million.

The stock of U.S. foreign direct investment (FDI) in New Zealand was $7.9 billion in 2013 (latest data available), down from $9.5 billion in 2012. U.S. FDI in New Zealand is led by the manufacturing, nonbank holding companies, and finance/insurance sectors.

Trade Agreements

New Zealand is a participant in the Trans-Pacific Partnership (TPP) negotiations, through which the United States and 11 other Asia-Pacific partners are working to establish a comprehensive, high-standard, next-generation regional agreement to liberalize trade and investment in the Asia-Pacific. 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; set high standards for regional trade and investment that promote U.S. interests and values; 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 enforceable labor and environment obligations. TPP will also address a range of new and emerging issues of concern to U.S. businesses, workers and other stakeholders 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.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Sanitary and Phytosanitary Barriers

New Zealand maintains a comprehensive and rigorous approval regime for agricultural biotech. Agricultural biotech is regulated under the 1996 Hazardous Substances and New Organisms Act (HSNO). While in 2003 New Zealand formally ended a moratorium it had previously maintained on approval of agricultural biotech events, there is still no commercial production of such crops in New Zealand. Imported biotech food products must be approved and adopted into the Food Standards Code before they are permitted to be sold. All biotech foods sold in New Zealand must be labeled. Animal feed falls outside of the HSNO and may be imported into New Zealand. Meat and other animal products from animals that have been fed biotech feed do not need to be labeled.

New Zealand suspended the importation of fresh and frozen poultry meat from the United States and Australia in late 2001 because of the risk of introducing infectious bursal disease. U.S. exporters remain unable to sell uncooked poultry meat into New Zealand, and cooked U.S. poultry meat can be imported into New Zealand only if retorted.

New Zealand is the 16th largest export market for U.S. peaches, nectarines and plums (stone fruits). However, New Zealand currently does not permit the importation of U.S. stone fruit from any state except California as a result of 2010 emergency measures imposed by New Zealand with respect to spotted wing drosophila.

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 2.0 percent, New Zealand has one of the lowest average most favored nation (MFN) applied tariff rates among industrialized countries. In 2012, New Zealand's average applied MFN tariff rate was 1.4 percent for agricultural products and 2.2 percent for industrial goods. In the WTO, New Zealand has bound 47.5 percent of its tariff lines at zero duty, and it applies zero duty on 64.7 percent of its tariff lines. In October 2013, New Zealand decided that tariffs will remain unchanged until at least June 30, 2017, except where they are reduced through trade agreements.

GOVERNMENT PROCUREMENT

On August 15, 2012, New Zealand announced its intention to join the WTO Government Procurement Agreement (GPA). On October 29, 2014, the WTO announced that the terms for New Zealand's accession to the GPA had been agreed upon. New Zealand has nine months from the date of the announcement to deposit its instrument of acceptance and formally join the GPA. Thirty days later, the GPA will enter into force for New Zealand.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

New Zealand generally provides strong IPR protection and enforcement. In September 2014, the final provisions of the Patents Act 2013 came into force. The Patent Act clarified the criteria for granting a patent. However, the revised bill does not include provisions allowing for patent term restoration, which would enable rights holders to recover the effective patent term lost due to delays in the marketing approval process. In addition, the bill precludes most software from patentability, with some limited exceptions.

In April 2011, the New Zealand Parliament passed the Copyright (Infringing File Sharing) Amendment Bill, which established a mechanism for New Zealand to fight online piracy. However, subsequent implementing regulations issued by the Ministry of Economic Development permit Internet service providers to charge up to NZ$25 (approximately $21) per issuance of an infringement notice. This has deterred some rights holders from using the system, which is under review by the New Zealand government based on submissions by stakeholders.

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.

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," which are defined as assets valued at more than NZ$100 million (approximately $83 million). In addition, New Zealand screens foreign investors or entities that would 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 2005, including farmland greater than five hectares, land adjoining the foreshore, or conservation land.

In September 2010, the New Zealand government announced new implementing rules under the Overseas Investment Act, which provide New Zealand government ministers increased authority to consider a wider range of issues when evaluating overseas investment applications involving sensitive land. Under the new 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. In 2013, PHARMAC's role was expanded to include the management of community medicines, pharmaceutical cancer treatments, the National Immunization Schedule, management of all medicines used in DHB hospitals, and the national contracting of hospital medical devices. Some have criticized PHARMAC's regulatory process, including its lack of transparency, timeliness, and predictability in the funding process and lengthy delays in reimbursing new products. These concerns have been exacerbated as PHARMAC expands into areas of funding that were previously unregulated, including medical devices.