

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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GENERALIZED SYSTEM OF PREFERENCES

Notification by New Zealand

In accordance with the terms of the waiver concerning the GSP, the delegation of New Zealand has provided the following information on the revision of the GSP scheme of New Zealand which will take effect as from 1 July 1976.

1. The Government of New Zealand has announced its intention to introduce as from 1 July 1976 an expanded scheme of generalized preferences which will give substantial additional benefits to developing countries. This action is consistent with New Zealand's response to the various initiatives that have been put forward in UNCTAD, the GATT and other international fora. In revising its present scheme, which was first introduced on 1 January 1972, New Zealand has taken full account of the aspirations of the developing countries and has been able to respond sympathetically to requests which it has received from individual countries for particular concessions of interest to them.

2. The main features of the revised version of New Zealand's scheme are:

- the scheme is applied on a "negative list" basis covering the customs tariff as a whole;
- exclusions have been kept to a minimum;
- margins of preference against normal rates have been created up to 20 per cent ad valorem;
- in a number of cases specific rates of duty have been eliminated.

Trade value

3. For the year ended June 1975, the value of imports from all sources, on a Current Domestic Value (CDV) basis, for goods which are included in the revised GSP scheme, amounted to \$NZ 2,240 million. Of this total, the share of the developing countries to which New Zealand grants preferences amounted to \$NZ 428 million (19.1 per cent).

4. For the same period, imports of items covered by the existing GSP, which is to be replaced with effect from 1 July 1976, amounted to \$NZ 189 million of which beneficiary countries provided \$NZ 3.6 million (1.9 per cent).

Product coverage

5. The New Zealand tariff contains some 4,796 tariff lines of which 1,157 items are already free of duty from all sources. The expanded scheme has been formulated on the basis of giving preferences, as far as practicable, on all categories of goods, irrespective of type and use. Consistent with the "negative list" approach, exceptions were made only where there were other special considerations. New Zealand is itself in the stage of developing its industry and diversifying from a largely agricultural base and the relatively small proportion of exclusions (representing only some 7 per cent of tariff lines) is indicative of the effort made to give maximum assistance to developing countries.

Preferences created

6. An important feature of the scheme is New Zealand's intention to maintain, in terms of GSP criteria, specified margins of preference for developing countries rather than adopt the alternative course of setting particular rates for beneficiaries.

7. The margins of preference approved have regard, of course, to the structure of the New Zealand tariff and the normal rates now being applied. A maximum margin of preference of 20 per cent ad valorem has been set and it has been possible to accord this on 886 items. A statistical breakdown of the revised scheme is given below:

<u>GSP margin of preference as from 1 July 1976</u>	<u>Number of tariff lines</u>
2½%	1
3 3/4%	5
5%	827
7½%	88
8 3/4%	1
10%	778
12½%	138
15%	357
17½%	128
20%	885
Specific rates reduced to free	64
Total	3,273

Rules of origin

8. No concurrent changes are being made in relation to origin requirements. New Zealand has already adopted, on 1 October 1975, the "cumulative" principle whereby content from any developing country may be aggregated to comply with the minimum requirement. This requirement now states that expenditure in material being the produce of developing countries, and/or in other items of factory or works cost incurred in developing countries or in New Zealand, must not be less than half of the factory or works cost of the article in its finished state. Goods which enter the commerce of another developing country are not thereby disbarred from receiving preference.

Further consideration

9. New Zealand is continuing to conduct an investigation into means whereby its scheme might be further improved.

Details of scheme

10. Full details of the revised scheme, which will apply from 1 July 1976, as it affects particular items, will be provided shortly.