

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## GENERALIZED SYSTEM OF PREFERENCES

### Notification by New Zealand

#### Addendum

The following communication from the delegation of New Zealand, dated 28 March 1985, is circulated for the information of contracting parties.

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On 24 December 1984 the New Zealand Government announced changes which will be made to its Generalised System of Preferences. The changes are being made as a result of a continuing review of the scheme, the first major review since its introduction in 1972. This review noted that the relative position of New Zealand in relation to both developed and less developed countries has changed significantly since 1972. New Zealand's economic prosperity relative to other countries has declined considerably in that time while some beneficiaries of New Zealand's GSP have enjoyed an improvement in their economic prosperity relative to New Zealand. The review also highlighted the serious situation of least developed countries and the Government has agreed to implement special measures on their behalf.

The changes to the GSP are being made in the context of a wide-ranging programme of industry restructuring and liberalisation of New Zealand's import policy by the replacement of import licensing with a system based on the tariff. The overall effect of the changes currently being made to New Zealand's import policy including the changes to the GSP, will be to create new opportunities from which all New Zealand's trading partners will be able to benefit.

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It is in this context that the following changes are announced, both effective from 1 July 1985 :

(A) The adoption of a threshold, which was formerly absent, above which countries will no longer qualify for the less developed country preferential tariff. This threshold is set at 70 percent of New Zealand's per capita GNP, as published by the World Bank, in the World Bank Atlas. An annual review of countries' eligibility will be conducted on this basis. Countries may requalify for preferential treatment in the event that they subsequently fall below the threshold. The threshold has been adopted after careful consideration of other objective criteria, and in its application, will be transparent, non-discriminatory and uniform.

(B) The extension of New Zealand's GSP by providing the 36 least developed countries (as defined by the United Nations) duty free access for all products. There is provision for limited exceptions to be made to this measure as part of the transitional adjustment process for the liberalisation of New Zealand's import regime. Any exclusions will be very few in number and the final aim of this change is to make all tariff items duty free for LLDCs. The New Zealand Government considers that this measure is a positive and necessary response to the invitation to all Contracting Parties at the 1982 Ministerial Meeting to: "further improve GSP or m.f.n. treatment for products of particular export interest to least-developed countries, with the objective of providing fullest possible duty-free access to such products".

It should be noted that the current product coverage of New Zealand's GSP remains unaffected by the change in (A) above. Approximately 70 percent of New Zealand tariff items have a margin of preference for less-developed countries and a further 28 percent are free all sources. The many other positive, and in some cases unique, features of the New Zealand scheme, such as cumulative rules of origin and the lack of specific safeguard mechanism, will remain also.