

GENERAL AGREEMENT ON TARIFFS AND TRADE

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GENERALIZED SYSTEM OF PREFERENCES

Notification by New Zealand

Addendum

The following communication from the delegation of New Zealand, dated 11 November 1986, is circulated for the information of contracting parties.

In earlier notifications New Zealand has provided information on the phasing-out of its import licensing system and on measures taken to reduce high tariffs. Necessarily, these moves have required a review of New Zealand's GSP policy. As the tariff assumes more fully its proper role at the border, it is important that New Zealand's GSP policy be clear and consistent.

The review of GSP policy that was completed earlier this year resulted in the following decisions:

- (a) As from 1 July 1986 New Zealand has adopted a standard means for calculating the LDC (developing country) tariff rate for items where the normal duty rate is being reduced or where an LDC rate is being created for the first time. In these instances, the LDC tariff rate will be calculated at 80 per cent of the normal rate. Where the 80 per cent calculation results in a figure higher than the existing tariff rate, the existing rate will continue to apply.

The 80 per cent calculation was adopted because of the favourable effect it will have on LDC tariff rates as New Zealand phases down normal tariff rates above the 25 per cent level. In many cases, the application of the 80 per cent calculation has resulted in wider margins of preference than existed prior to 1 July 1986. In all cases to date where the LDC rate has changed it has resulted in a reduction in the rate.

- (b) The coverage of the GSP has been extended to cover approximately 50 items (the majority being food items, surface coating preparations or glue products) for which there was no developing country preference.
- (c) Those goods covered by industry plans will not be affected by changes immediately. As the items under study come up for their tariff reviews consideration will be given to applying the same principles as for other rates.

- (d) Those items with an excise component will continue to be excluded from New Zealand's scheme.
- (e) There will be no change to the country graduation provision, but product graduation will not be introduced. Duty-free rates for Least-Developed Countries will remain.

The list of beneficiaries of the New Zealand GSP scheme now stands at 146 countries and territories (of which thirty-six countries are listed as beneficiaries of special tariff treatment as Least-Developed Countries). The list includes also Forum Island countries which enjoy duty-free treatment under non-reciprocal trade arrangements. Hong Kong, Spain and Portugal ceased to be covered by New Zealand's GSP scheme on 1 July 1986 while Poland became a new beneficiary.

Consultations with the Hong Kong Government over that territory's graduation have been completed and LDC rates have been reinstated for Hong Kong on over 100 items. Consultations with Singapore and Brunei are continuing over reinstatement of LDC rates for items in respect of which New Zealand has received further requests. The reinstatement of LDC rates for 41 items from Singapore and Brunei has been agreed already.