

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

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Trade Negotiations Committee

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COMMUNICATION FROM NEW ZEALAND

Conditional Offer of New Zealand  
Concerning Initial Commitments

The following communication is circulated at the request of the delegation of New Zealand.

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New Zealand is prepared to make initial commitments under the General Agreement on Trade in Services as indicated in the attached list. This offer is conditional. New Zealand reserves the right to modify, extend or reduce this offer at any time prior to the closure of the services negotiations, depending inter alia on the number of offers by other parties, the degree to which these offers are equivalent and mutually acceptable, and dependent on the final text of the framework agreement and its annexes (in particular the provisions relating to most-favoured-nation treatment, national treatment, market access and the recognition of qualifications). New Zealand reserves the right to make technical changes to its offer.

The following general limitations, conditions and qualifications apply across all sectors:

1. Overseas Investment Commission (OIC)

An "overseas person" requires OIC approval for the following investments:

- (a) acquisition or control of 25 per cent or more of the shares on voting power in a company where either the consideration of transfer or the value of the assets of the company exceeds \$NZ 10 million;
- (b) the establishment of new business in New Zealand where the total expenditure in setting up the business exceeds \$NZ 10 million;
- (c) the acquisition of the assets of the business where the total consideration paid or payable for the assets exceeds \$NZ 10 million;
- (d) the issue or allotment of shares to an overseas person (where the 25 per cent threshold has already exceeded or will be exceeded as a result of the issue) where the total consideration paid or payable exceeds \$NZ 10 million.

For three categories of specified business, OIC consent is required regardless of the dollar value of the investment. These specific cases are: broadcasting media - radio and television, commercial fishing, and rural land. (Approval is also required under the Land Settlement Promotion and Land Acquisition Act, for the purchase of some classes of land).

An overseas person is defined as an individual not normally resident in New Zealand, a company not incorporated in New Zealand, a New Zealand incorporated company in which 25 per cent or more of any class of shares or 25 per cent or more of the voting power is held by overseas persons, a nominee of the overseas person, whether or not the nominee is himself/herself an overseas person or not.

2. Taxation

Taxation treatment for foreign companies operating in New Zealand differs in some respects from treatment of domestic companies. The present rate of tax on the assessable income of both public and private companies is 33 per cent: this increases to 38 per cent for non-resident companies. Interest, dividends and royalties paid to a non-resident company are subject to non-resident withholding tax.

3. Prudential and Professional Competency Requirements

Certain requirements exist relating to prudential and/or professional competency considerations. These have not been listed separately in this offer as limitations or conditions on market access or conditions or

qualifications on national treatment. The sectors and sub-sectors where these apply include inter alia: legal, accounting, construction and engineering (including consultancy), agricultural, medical, nursing and related services, real estate, maritime, land and air transport, insurance and financial services.

4. Immigration policies and requirements, and general laws, regulations, standards and guidelines governing inter alia occupational health and safety, industrial relations, planning consents, competition policy and consumer protection will continue to apply. These have not been listed separately in this offer.

5. Equipment being brought in on a temporary basis requires either a carnet or a temporary import entry secured by deposit. Some charges on depreciated value may be extracted.

Sector or sub-sector	Mode of delivery	Limitations and conditions on market access	Conditions and qualifications on national treatment
(1)	(2)	(3)	(4)
<u>Audio-Visual Services</u>			
- Production, distribution, exhibition and broadcasting of audio-visual works	Cross-border supply	Unbound	(a) payment of subsidies for production/distribution/exhibition and broadcasting of audio-visual works are limited to NZ persons and companies. (NZ Film Commission Act). Also Government directions under the Broadcasting Act.
	Movement of consumers	No limitations or conditions	(b) 100 per cent deduction against NZ income tax may be claimed for investment in production of NZ films (as defined by S.18, NZ Film Commission Act).
	Commercial presence	Radio and television: maximum foreign ownership - 15 per cent (although up to 25 per cent foreign ownership of radio broadcasting with Minister of Communication's consent). Restrictions on the use of the radio spectrum by foreign governments. Controls on shortwave and satellite broadcasting.	(c) Local TV and radio quotas
	Movement of personnel	Unbound	(d) controls on broadcasting by overseas persons (Broadcasting Act).
<u>Business Services</u>			
- Rental/leasing of equipment without crew:	Cross-border supply	No limitations or conditions	
- Transport and non-transport	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of Personnel	Unbound	

(1)	(2)	(3)	(4)
<u>Real Estate Services</u>			
- Sale and purchase renting, leasing and development of properties	Cross-border supply	Unbound - must have NZ real estate licence	
	Movement of consumers	Approval needed for purchase of certain classes of land	
	Commercial presence	Company must have NZ licensee	
	Movement of personnel	Unbound. Must hold NZ real estate licence (certain criteria apply - see Real Estate Agents Act).	
- Property Management Services	Cross-border supply	Unbound	
	Movement of consumers	No limitations or conditions	
	Commercial presence	NZ real estate licence needed unless managing property owned by the company.	
	Movement of personnel	Unbound	
- Installation and assembly work (other than construction)	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	

(1)	(2)	(3)	(4)
<u>Real Estate Services (Cont'd)</u>			
- Maintenance and repair of equipment (not including fixed structures)	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
<u>Professional Services</u>			
- Agricultural services			
	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
- Legal services: - Practice of NZ Law			
	Cross-border supply	Unbound	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound. Practitioners must qualify for admission to NZ courts.	
- Legal services:			
- Provision of advice on foreign law			
	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	

(1) (2) (3) (4)

Accounting and Taxation Services

- Tax preparation

Cross-border supply	No limitations or conditions
Movement of consumers	No limitations or conditions
Commercial presence	No limitations or conditions
Movement of personnel	Unbound

- Public accountancy

Cross-border supply	No limitations or conditions, except those relating to designation "chartered accountant" (see below).
Movement of consumers	No limitations or conditions
<del>Commercial presence</del>	<i>NO LIMITATIONS OR CONDITIONS</i>
Movement of personnel	Unbound. Only members of the NZ society of Accountants can use the designation "chartered accountant" but persons without this designation are still able to provide services.

- Auditing services

Cross-border supply	Unbound
Movement of consumers	No limitations or conditions
Commercial presence	No limitations or conditions
Movement of personnel	Unbound. Under Section 165 of the Companies Act a person must be a member of the NZ society of Accountants (or of a similar Commonwealth body) to qualify for appointment as an auditor.

(1)	(2)	(3)	(4)
- Advisory and consultative engineering services	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
- Engineering design services	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
- Industrial engineering	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
- Project management services	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	

(1)	(2)	(3)	(4)
- Travel agents, tour guides and tour operators	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
<u>Business Services not Included Elsewhere</u>			
- Cleaning of buildings and similar activities	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
- Translation services	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
<u>Telecommunications Services</u>			
- Value added services	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	

(1)	(2)	(3)	(4)
<u>Telecommunications services (cont'd)</u>			
- Public telecommunications transport services (including leased lines)	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	<ul style="list-style-type: none"> <li>- Telecom New Zealand: ceiling of 49.9% on shareholding of any single foreign buyer.</li> <li>- Restrictions on use of radio spectrum by foreign governments.</li> </ul>	
	Movement of personnel	Unbound	
<u>Construction Services</u>			
- Site preparation	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
- New construction (other than pipelines)	Cross-border supply	No limitations or conditions	
- Buildings	Movement of consumers	No limitations or conditions	
- Civil engineering	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	

(1)	(2)	(3)	(4)
<u>Construction services (cont'd)</u>			
- Installation and assembly work	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
- Building completion			
	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
- Maintenance and repair of fixed structures			
	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
<u>Distribution services</u>			
- Merchunting (wholesale trade)	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	

(1)	(2)	(3)	(4)
<u>Distribution services</u> (cont'd)			
- Retail trade	<ul style="list-style-type: none"> <li>Cross-border supply</li> <li>Movement of consumers</li> <li>Commercial presence</li> <li>Movement of personnel</li> </ul>	<ul style="list-style-type: none"> <li>No limitations or conditions</li> <li>No limitations or conditions</li> <li>No limitations or conditions</li> <li>Unbound</li> </ul>	
- Countertrading services			
	<ul style="list-style-type: none"> <li>Cross-border supply</li> <li>Movement of consumers</li> <li>Commercial presence</li> <li>Movement of personnel</li> </ul>	<ul style="list-style-type: none"> <li>No limitations or conditions</li> <li>No limitations or conditions</li> <li>No limitations or conditions</li> <li>Unbound</li> </ul>	
<u>Education services</u>			
- Secondary and tertiary education	Cross-border supply	No limitations or conditions	
	Movement of consumers	<ul style="list-style-type: none"> <li>Where places in particular courses are limited, preference given to NZ, foreign aid and reciprocal exchange students over foreign full-fee paying students.</li> </ul>	<ul style="list-style-type: none"> <li>Foreign (not aid) students' fees are on full cost recovery basis.</li> </ul>
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
<u>Financial services</u>			
- Wholesale and other bank deposit services	Cross-border trade	<ul style="list-style-type: none"> <li>Establishment of representative offices of overseas banks is subject to authorization by Reserve Bank. Otherwise no limitations or conditions.</li> </ul>	
- Services related to the administration of Financial markets	Movement of consumers	No limitations or conditions	

(1)	(2)	(3)	(4)
<u>Financial services (cont'd)</u>			
- Financial leasing	Commercial presence	Establishment of branches or subsidiaries by non-resident financial institutions, including banks, is subject to OIC approval. Bank authorization: Reserve Bank required to have regard to reciprocity when assessing applications for banking licences. Otherwise no limitations or conditions.	
- Other credit granting services			
- Services related to securities' markets			
- Other financial intermediation	Movement of personnel	Unbound	
- Other services auxiliary to financial intermediation			
<u>Hotels and restaurants</u>			
	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
<u>Transport</u>			
- Commercial road transport services (passenger, goods, rental and vehicle recovery)	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	

(1)	(2)	(3)	(4)
<u>Transport (cont'd)</u>			
- Rail transport services	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
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- Pipeline transport	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
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- International shipping services	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
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- Coastal shipping	Cross-border supply	Cabotage unbound	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	

(1)	(2)	(3)	(4)
Transport (cont'd)			
- Port services and shipping agencies	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	
- Domestic air services	Cross-border supply	Cabotage unbound	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No statutory limit on foreign ownership but applications examined on a case-by-case basis	
	Movement of personnel	Unbound	
- Air transport ticket sales, marketing and computer reservation systems	Cross-border supply	No limitations or conditions	
	Movement of consumers	No limitations or conditions	
	Commercial presence	No limitations or conditions	
	Movement of personnel	Unbound	