



**SUBMISSION TO THE FOREIGN AFFAIRS, DEFENCE AND TRADE COMMITTEE OF THE  
NEW ZEALAND PARLIAMENT**

**TARIFF (FREE TRADE AGREEMENT BETWEEN NEW ZEALAND AND THE REPUBLIC OF  
KOREA) AMENDMENT BILL**

**JULY 2015**

1. This submission is made on behalf of the NZ International Business Forum (NZIBF) whose members are listed at Annex A<sup>1</sup>. NZIBF is a forum of senior business leaders working together to promote New Zealand's engagement in the global economy. NZIBF earlier submitted to the Select Committee commending the conclusion of a free trade agreement (FTA) between New Zealand and Korea.
2. NZIBF warmly welcomes and supports the FTA with Korea, an important trading partner for New Zealand. The absence of an FTA with Korea to date has caused significant difficulties for New Zealand exporters in the Korean market as Korea has concluded a number of FTAs with competitors including Chile, the United States, the European Union, Canada and Australia. The FTA should over time restore New Zealand's competitive position in the Korean market.
3. NZIBF commends the passage of the present legislation, which is required to implement New Zealand's undertakings to Korea under the FTA. New Zealand maintains a relatively open market and low tariffs. NZIBF believes the adjustment arising from implementation of this legislation in New Zealand will be minimal. Producers and consumers purchasing Korean goods previously subject to tariffs may find some reduction in prices. The cost of removal of tariffs on Korean products entering New Zealand is more than outweighed by the removal of Korean tariffs on New Zealand products entering Korea. Korea maintains high barriers restricting market access for agricultural products<sup>2</sup>. Korea's average tariff for manufactured products is currently 6.5 percent for manufactured products but 53.5 percent for agriculture. New Zealand's

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<sup>1</sup> The views in this submission are those of NZIBF as a whole. Individual members may have different views on specific issues covered in this submission.

<sup>2</sup> Some examples include:

- 45% on kiwifruit
- 89% on butter
- 40% on beef
- 176% on skim milk powder (outside of the tariff rate quota).

average tariff for all products is 2.4 percent. Consequently, on trade that is more or less equal in both directions, Korean exporters pay \$5 million in tariffs on exports to New Zealand while New Zealand exporters to Korea pay \$195 million.

4. NZIBF notes that the present legislation is restricted in scope to implementation of the tariff amendments. The legislation does not impact in any way on other matters including those related to investment. NZIBF hopes therefore that all political parties in the New Zealand Parliament will be able to support this implementing legislation on account of the significant benefits this will provide to New Zealand exporters to Korea.

### **Recommendations to the Foreign Affairs, Defence and Trade Committee**

5. NZIBF recommends that the Committee:
  - a. **support** the passage of the present legislation giving effect to the FTA between New Zealand and Korea.

#### For further information

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**NZ International Business Forum  
July 2015**

## Annex A

### Board members of the NZ International Business Forum

Sir Graeme Harrison (Chair), Chairman, ANZCO Foods Ltd  
Malcolm Bailey, Director, Fonterra Co-operative Group  
Michael Barnett, Chief Executive, Auckland Regional Chamber of Commerce and Industry  
(*representing the New Zealand Chambers of Commerce*)  
Peter Clark, Chief Executive, PF Olsen Ltd  
Paul Gestro, Head of Asia, BNZ  
Peter McBride, Chairman, Zespri International Ltd  
Phil O'Reilly, Chief Executive, Business NZ  
James Parsons, Chairman, Beef + Lamb New Zealand  
Steve Yung, Chief Executive, Sealord Group Ltd

#### Alternate Directors

Catherine Beard, Executive Director, Export NZ/Manufacturing NZ  
Scott Champion, Chief Executive, Beef + Lamb New Zealand  
Simon Limmer, General Manager, Grower and Government Relations, Zespri  
Robb Stevens, General Manager, Trade Strategy, Fonterra Co-operative Group Ltd

#### Executive team

Stephen Jacobi, Jacobi Consulting Ltd (*Executive Director*)  
Fiona Cooper Clarke, Cooper Clarke Consulting Ltd (*Associate Director*)