

NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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Use of Preferential Tariffs in the Japan market

MARKET INTELLIGENCE REPORT

Summary

MFAT commissioned a research report on Free Trade Agreement (FTA) Use of Preferential Tariffs in the Japan Market, specifically for seafood and wine. The research mainly focused on utilisation of tariff preferences under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). We summarise some of the key findings from this report, focusing on those that have broad applicability across different markets and sectors.

Key findings include:

- Overall, there seemed to be a high level of awareness of the tariff preferences that were available.
- There were some smaller exporters and importers that were unaware of the tariff preferences available.
- Awareness was raised among exporters that self-declaration of New Zealand origin of their products was available (a cost saving) to claim preferential tariff treatment, and that it is possible to apply for tariff preferences after importation.
- Processing of New Zealand origin products in third countries sometimes meant that product was no longer eligible for CPTPP tariff preferences. Depending on the third country where processing was occurring in tariff preferences might still be available under different trade agreements (e.g. Regional Comprehensive Economic Partnership (RCEP)).

One specific outcome from this research project is that an update of the New Zealand wine guide to Market for Japan has been commissioned, which will provide up to date information on exporting New Zealand wine to Japan (including utilising tariff preferences).

Report

In late 2024, MFAT commissioned Meros Consulting to research and report on the tariff utilisation of New Zealand goods into Japan and seek to understand if the tariff preferences available under FTAs between New Zealand and Japan were being fully utilised. The focus was on the utilisation of CPTPP tariff preferences. Seafood and wine exports to Japan were targeted for study as both had been identified as sectors where FTA tariff preference under-utilisation was thought to be occurring.

The objectives of the report were to:

- Enable the New Zealand government to better understand if there were any issues with FTA tariff preference utilisation in trading with Japan;
- Provide an analysis of practical actions that would lead to maximising the benefits of tariff rate preference utilisation if any issues with tariff preference utilisation were identified; and
- Inform the government's strategy to help ensure traders (importers and exporters) maximise the benefits of tariff preferences.

The report identified a need to raise awareness of available tariff preferences with small and medium-sized businesses, including infrequent traders. But overall, there seemed to be a high level of awareness.

Many exporters and importers were of the view that even small differences in tariff rates were important and any price advantage in a competitive market was beneficial.

Some other observations in the report fall into the government-to-government (customs-to-customs) area, such as differing HS classifications and evidential document of origin requirements.

The report found that processing of New Zealand product in third countries was impacting tariff preference eligibility, for example where third country processing was occurring in a non-CPTPP member. The report pointed out that other tariff preferences may come into play where other trade agreements exist between New Zealand, the third country where the processing was undertaken and the final export destination. For example, where Japan is the final export destination and processing took place in China, or another country that is a RCEP member, then RCEP tariff preferences might be available.

We would like to thank the exporters and importers, industry associations (Seafood New

Zealand and New Zealand Winegrowers) and NZ Inc agencies (New Zealand Customs Service, Ministry for Primary Industries, New Zealand Trade and Enterprise) for their support and input into this research.

The New Zealand Government continues to work with trading partners, including Japan as one of our largest trading partners, to ensure exporters and importers maximise use of FTA tariff preferences and provisions available.

If exporters have any enquiries about how to use free trade agreement tariff preferences, whether in Japan or elsewhere, please email exports@mfat.govt.nz

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