

Tariff (Free Trade Agreement between New Zealand and the Republic of Korea) Amendment Bill

Government Bill

Explanatory note

General policy statement

This Bill amends New Zealand law as part of the implementation of a free trade agreement, namely the Free Trade Agreement between New Zealand and the Republic of Korea done at Seoul, Korea, on 23 March 2015 (the **Agreement**). The Bill amends the Tariff Act 1988 and the notes to the Tariff, and will enable—

- the application of preferential tariff rates under the Agreement; and
- transitional safeguard measures to be applied in appropriate circumstances on imports originating from Korea.

The Agreement will also be implemented by regulations, which will amend—

- the Tariff to enable the application of preferential tariff rates for imports originating from Korea; and
- the Customs and Excise Regulations 1996 to give effect to the rules of origin applicable to imports into New Zealand that originate from Korea.

Departmental disclosure statement

The Ministry of Foreign Affairs and Trade is required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2015&no=26>.

National interest analysis

An extended national interest analysis has been prepared that takes the place of a regulatory impact analysis. The Ministry of Foreign Affairs and Trade produced the national interest analysis on 23 March 2015 to help inform the main policy decisions taken by the Government relating to the contents of this Bill. The national interest analysis was presented to the House of Representatives on 24 March 2015, in accordance with Standing Order 397(2) (presentation of national interest analyses for international treaties).

A copy of this national interest analysis can be found at—

- <https://korea.fta.govt.nz/>
- <http://www.treasury.govt.nz/publications/informationreleases/ris>

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 provides for the Bill to come into force on a date appointed by Order in Council. This form of commencement is necessary in order to co-ordinate the Bill's commencement with the entry into force of the Free Trade Agreement between New Zealand and the Republic of Korea (the **Republic of Korea FTA**).

Clause 3 states that the Bill amends the Tariff Act 1988 (the **principal Act**).

The Bill's amendments affect sections 15A and 15H of the principal Act. These sections relate to the application of transitional safeguard measures (including provisional measures) to various countries with which New Zealand has free trade agreements in force.

Clause 4(1) amends the definition of free trade agreement in section 15A of the principal Act to include the Republic of Korea FTA. This has the effect of providing for transitional safeguard measures (including provisional measures) in relation to the Republic of Korea FTA under sections 15B to 15H of the principal Act.

Clause 4(2) inserts a definition of the Republic of Korea FTA in section 15A of the principal Act.

Clause 5 amends section 15H(1)(b)(ii) of the principal Act, which relates to provisional transitional safeguard measures. The amendment is consequential on the amendments made by *clause 4*.

Clause 6 provides that this Bill amends the Tariff. A copy of the Tariff as from time to time amended, modified, or revoked and replaced on or after 1 January 2010 is, as required by section 9B of the principal Act, published at the following Internet site: <http://www.customs.govt.nz/news/resources/tariff/theworkingtariiffdocument/Pages/default.aspx>.

Clause 7 inserts an abbreviation for the name of the Republic of Korea into a list of preferential abbreviations (relating to countries whose produce or manufactured

goods may enter New Zealand free of duty in defined circumstances) in note 2 of the Tariff.

Clause 8 inserts the reference to the Republic of Korea and its abbreviated name in the list of preferential countries and preferential abbreviations in note 3 of the Tariff. This has the effect of enabling preferential Tariff rates to be applied to goods imported from the Republic of Korea.

The preferential Tariff rates applicable to goods imported from the Republic of Korea will be inserted into the Tariff by an Order in Council that is to be made under section 9 of the principal Act and that, in accordance with section 7C of that Act, will incorporate those rates by reference.

Hon Tim Groser

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Contents

	Page
1 Title	1
2 Commencement	1
<i>Amendments to Tariff Act 1988</i>	
3 Principal Act	2
4 Section 15A amended (Interpretation)	2
5 Section 15H amended (Provisional transitional safeguard measure)	2
<i>Amendments to Tariff</i>	
6 Tariff amended	2
7 Tariff, note 2 amended	2
8 Tariff, note 3 amended	2

The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Tariff (Free Trade Agreement between New Zealand and the Republic of Korea) Amendment Act **2015**.

2 Commencement

This Act comes into force on a date appointed by the Governor-General by Order in Council.

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Amendments to Tariff Act 1988

3 Principal Act

Sections 4 and 5 amend the Tariff Act 1988 (the **principal Act**).

4 Section 15A amended (Interpretation)

- (1) In section 15A, definition of **free trade agreement**, replace paragraph (d) with: 5
- (d) the Malaysia FTA; or
- (e) the Republic of Korea FTA
- (2) In section 15A, insert in its appropriate alphabetical order:
- Republic of Korea FTA** means the Free Trade Agreement between New Zealand and the Republic of Korea done at Seoul on 23 March 2015 10

5 Section 15H amended (Provisional transitional safeguard measure)

In section 15H(1)(b)(ii), replace “or the Malaysia FTA,” with “the Malaysia FTA, or the Republic of Korea FTA,”.

Amendments to Tariff

- 6 Tariff amended** 15
- Sections 7 and 8**, in accordance with section 9F(1) of the principal Act, amend the Tariff.

7 Tariff, note 2 amended

In the notes to the Tariff, note 2, penultimate paragraph, after “HK,”, insert “KR,”. 20

8 Tariff, note 3 amended

In the notes to the Tariff, note 3, below the item relating to Hong Kong, China, insert:

Korea, Republic of	KR
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