



# New Zealand (ANZSCEP)

Singapore and New Zealand concluded negotiations on the Agreement between New Zealand and Singapore on a Closer Economic Partnership (ANZSCEP) in 18 August 2000. A year later the ANZSCEP came into force.

The ANZSCEP is a comprehensive Agreement covering trade in goods and services, investment and government procurement, amongst others. It provides certainty and predictability for Singapore businesses and investors. The ANZSCEP is a comprehensive Agreement covering trade in goods and services, investment and government procurement, amongst others. It provides certainty and predictability for Singapore businesses and investors. It has lowered barriers to trade and investment and opened up considerable opportunities for our business community.

### Benefits for Singapore Exporters to New Zealand

The main benefits to Singapore businesses are as follows:

- 1) Both countries will eliminate all tariffs. Most of Singapore's top exports to New Zealand will be able to qualify for the preferential market access treatment. Exporters are permitted to transit, unload and reload their goods in Australia and still qualify for preferential treatment.
- 2) Under the Mutual Recognition Agreement, electrical and electronic equipment tested in Singapore will no longer require a second testing when exported to New Zealand.
- 3) Both countries have committed to liberalise many services sectors, including financial, environmental and professional services.
- 4) There is also a commitment to a framework of investment rules to promote and protect bilateral investment.
- 5) Singapore suppliers will enjoy equal and non-discriminatory access to all government tenders above estimated value of S\$110,000.

### Trade in Goods

All tariffs have been eliminated when the ANZSCEP came into force. Key beneficiaries include companies from those involved in electric machinery, non-electric machinery and manufactured articles sectors. Both parties will also eliminate all non-tariff measures that are inconsistent with WTO obligations.

### Rules of Origin

The value-added Rules of Origin (ROO) qualifies the origin of the product based on the value of the work done in the exporting country, which should also be the last country of substantial transformation. Under the ANZSCEP, most of Singapore's top exports to New Zealand will be able to qualify for preferential market access treatment. The main features of the Agreement are:

- 1) A product will qualify for preferential treatment if at least 40 per cent of the cost is of New Zealand or Singapore origin, and if the last place of manufacture is in New Zealand or Singapore. Manufacturers that source inputs from overseas can include the New Zealand or Singapore component of these inputs towards the 40 per cent based on the Ex-factory Cost:

$$\text{Local Value Add (\%)} = \frac{(\text{'Local' raw material costs} + \text{Direct labour costs} + \text{Direct overhead cost}) \times 100\%}{\text{Ex-Factory Cost}}$$

where

$$\text{ex-factory cost} = \text{total raw materials costs} + \text{direct labour costs} + \text{direct overhead costs}$$

- 2) Both New Zealand and Singapore will recognise Quality Control (QC) as an integral part of the manufacturing process. A manufacturer doing only QC in New Zealand or Singapore will benefit where the cost of QC is at least eight per cent of the total

cost of the qualifying product. In the case of QC for a product that does not have any other local content, the cost of QC must exceed 50 per cent of the total cost of the product.

- 3) Exporters are permitted to transit, unload and reload their goods in Australia and still qualify for preferential treatment.

### Customs Documentation

There are three main initiatives outlined:

- 1) Paperless Trading—Both Customs Administrations will put in place an electronic environment that supports electronic business applications. This facility will remove the need for paper documents, reduce business costs and expedite the permit approval process.
- 2) Risk Management—Both Customs Administrations have agreed that Customs compliance activities will focus on high-risk goods and travellers. This will allow legitimate low-risk goods and travellers to be cleared expeditiously at the Customs checkpoints.
- 3) Certification for Rules of Origin (ROO)—New Zealand and Singapore will mutually assist in the verification of claims for tariff preferences made by importers.

Exporters can provide a self-declaration proof of meeting the ROO. There is no minimum period stipulated for the retention of the customs documents.

### Mutual Recognition Arrangement for Goods

New Zealand and Singapore have concluded a Mutual Recognition Agreement (MRA) on electrical and electronic equipment. Under the MRA, electrical and electronic equipment tested in New Zealand or Singapore will no longer require a second round of testing when exported to the other Party. This will reduce compliance and time-to-market costs.

In addition, New Zealand and Singapore have agreed on a work programme on the mutual or unilateral recognition of standards, regulations and test results, and the harmonisation of standards. The programme covers six sectors, including chemicals, pharmaceuticals and telecommunications equipment.

### Trade in Services

New Zealand has committed to liberalise in a wide variety of services. These include dental, computer, courier, engineering, environmental, equipment repair, financial, info-communication technology (ICT), land surveying, management consulting, maritime, air and auxiliary transport, market research, manufacturing and printing services.

Both New Zealand and Singapore have also agreed to regularly review their commitments and to progressively expand them. Both countries will also work on the mutual recognition of professional qualifications and registration, including the recognition of degrees from each other's universities.

### Mutual Recognition for Services

New Zealand and Singapore have agreed to identify priority areas to address with respect to the recognition of professional qualifications or registration. In identifying initial priority areas, the parties agree to focus on sectors where specific commitments have been undertaken and subject to the terms, limitations, conditions or qualifications set out therein.

### Investment

New Zealand and Singapore have committed to a framework of investment rules to promote and protect bilateral investment. Examples

of benefits for Singapore investors under the investment provisions are:

- 1) Under almost all circumstances, New Zealand will guarantee that Singapore investors are allowed to transfer and repatriate funds freely in any usable currency at the prevailing market exchange rates.
- 2) In the event of a dispute between a Singapore investor and the New Zealand government, the Singapore investor can raise the issue at the International Centre for Settlement of Investment Dispute with New Zealand's consent.

### **Movement of Business Persons**

For intra-corporate transferees, the following conditions apply:

- 1) Executives and senior managers (that is, senior employees of an organisation who have been employed for at least 12 months prior to proposed transfer to New Zealand and who are responsible for the entire or a substantial part of an organisation's operations in New Zealand and receive general supervision or direction from higher level executives, board directors or stockholders)—an initial period of stay of up to three years.
- 2) Specialist and/or senior personnel (that is, persons being transferred to undertake a specific or specialist task at senior level within the company)—an initial period of stay of up to 12 months.
- 3) Specialist personnel (that is, natural persons who have been employed by an organisation for at least 12 months prior to proposed transfer to New Zealand and who possess trade, technical or professional skills responsible for a particular aspect of an organisation's operations in New Zealand)—an initial period of stay of up to three years.
- 4) Installers and servicers (that is, installers and servicers of machinery /equipment where such installation or servicing is a condition of the purchase of the machinery/equipment)—for periods of stay not exceeding three months in any 12-month period.
- 5) For business visitors (that is, service sellers representing a service supplier of the other Party seeking temporary entry to negotiate for the sale of services where these do not involve direct sales to the general public)—a period or periods not exceeding three months in any calendar year.

### **Government Procurement**

The GP chapter is aimed at establishing a single NZ-Singapore government procurement market in order to maximise competitive opportunities for New Zealand and Singapore suppliers and to reduce costs of doing business for both government and industry. New Zealand is not a Party to the Government Procurement Agreement. Hence, this Agreement opens up more opportunities in government procurement between the two economies.

Suppliers from New Zealand and Singapore will be given equal and non-discriminatory access to government tenders valued at above Special Drawing Rights (SDR) 50,000 (~S\$110,000). Procurement opportunities can be accessed from The Government Electronic Tenders Service (GETS) at [www.gets.govt.nz](http://www.gets.govt.nz).

Procurement will be conducted based on the principles of transparency, value for money, fair dealing, accountability, due process, non-discrimination and open and effective competition.

### **Dispute Settlement**

The ANZSCEP sets out a robust process for consultation or settlement of disputes between the two countries.

Each Party shall accord adequate opportunity for consultations. If the consultations fail to settle a dispute within 60 days after the date of receipt of the request for consultations, the Party that made the request for consultations may make a written request to the other Party to appoint an arbitral tribunal.

The Party concerned shall comply with the arbitral tribunal's rulings or findings within a reasonable time period. The reasonable period of time shall be mutually determined by the Parties and shall not exceed 12 months from the date of the arbitral tribunal's report.

Source: [www.fta.gov.sg](http://www.fta.gov.sg)