



COVERSHEET

Minister	Hon Dr Duncan Webb	Portfolio	Commerce and Consumer Affairs
Title of Cabinet papers	Tariff Act 1988: Updating the list of countries eligible for the Generalised System of Preference; and Tariffs: Approval of Order in Council to update the list of countries eligible for the Generalised System of Preference	Date to be published	15 September 2023

List of documents that have been proactively released

Date	Title	Author
April 2023	Tariff Act 1988: Updating the list of countries eligible for the Generalised System of Preference	Office of the Minister of Commerce and Consumer Affairs
5 April 2023	Tariff Act 1988: Updating the List of Countries Eligible for the Generalised System of Preference DEV-23-MIN-0053 Minute	Cabinet Office
June 2023	Tariffs: Approval of Order in Council to update the list of countries eligible for the Generalised System of Preference	Office of the Minister of Commerce and Consumer Affairs
8 June 2023	Tariffs: Approval of Order in Council to update the list of countries eligible for the Generalised System of Preference LEG-23-MIN-0091 Minute	Cabinet Office

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of international relations and national defence and security.

Restricted

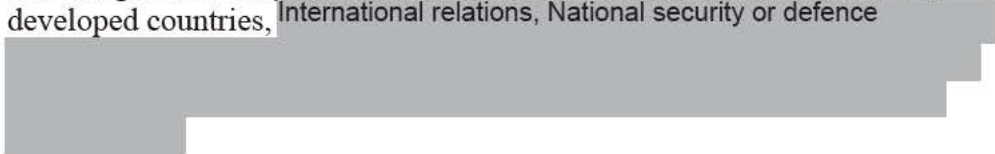
Office of the Minister of Commerce and Consumer Affairs
Chair, Cabinet Legislation Committee

Tariffs: Approval of Order in Council to update the list of countries eligible for the Generalised System of Preference

Proposal

- 1 This paper seeks authorisation for submission of the Tariff (Less Developed Countries and Least Developed Countries) Order 2023 to the Executive Council.

Policy

- 2 New Zealand’s normal tariff rates are comparatively low, set at 5%, 10%, or no tariff depending on the type of good being imported. Our long-standing Generalised System of Preference (GSP) unilaterally offers two categories of preferential tariff rates to certain developing countries for the purposes of economic assistance:
 - 2.1 **least** developed countries receive a rate of no tariff; and
 - 2.2 **less** developed countries receive a rate of 80% of the normal tariff rate.
- 3 Cabinet agreed to update the list of countries eligible for the GSP as it was last amended in 2005 and requires updating to ensure the GSP continues to meet its policy objective of assisting the economic growth of developing countries. [CAB-23-MIN-0126 refers].
- 4 Countries can be added or removed from the list through Orders in Council made under the powers in s 7A(1) of the Tariff Act 1988. In making its determination, Cabinet has discretion to take into account New Zealand’s wider foreign policy settings as assessed by the Minister of Foreign Affairs.
- 5 Cabinet agreed the Order updating the list of countries eligible for the GSP would have the effect of:
 - 5.1 adding 24 countries currently not in the GSP to the list of ‘less’ developed countries (of which Ukraine is one);
 - 5.2 removing one country (the Islamic Republic of Iran) from the list of ‘less’ developed countries, ^{International relations, National security or defence}

 - 5.3 removing three countries from the list of ‘less’ developed countries on the basis of EU membership;

- 5.4 removing five countries from the list of 'least' developed countries and adding them to the list of 'less' developed countries; and
- 5.5 adding one country currently not in the GSP to the list of 'least' developed countries.

6 International relations, National security or defence

7 Countries affected by the update, International relations, National security or defence are unlikely to react negatively to the changes because the level of effected exports is insignificant, or there are better terms offered through existing free trade agreements or concessions.

8 Based on current trade profiles, Customs estimate the net financial implications of the update will reduce duty collected by approximately \$120,000 per annum with a total impact of \$480,000 over the forecast period. The financial implications of the update are negligible (0.07%) in the context of total government tariff collection pre-pandemic of approximately \$180 million.

Timing and 28-day rule

- 9 The Order is to be considered by the Executive Council on the same day as Cabinet. The Order will come into effect on 1 October 2023 at the start of the next financial quarter for trade data reporting purposes.
- 10 It is a requirement of Cabinet that regulations must not come into force until at least 28 days after they have been notified in the Gazette. No waiver of the 28-day rule is sought.

Compliance

- 11 The Order complies with each of the following:
 - 11.1 the principles of the Treaty of Waitangi;
 - 11.2 advice from the Treaty Provisions Officials Group on any Treaty of Waitangi provisions (include a summary of any concerns raised);
 - 11.3 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993;
 - 11.4 the principles and guidelines set out in the Privacy Act 2020 (if the regulations raise privacy issues, indicate whether the Privacy Commissioner agrees that they comply with all relevant principles);
 - 11.5 relevant international standards and obligations;

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- 11.6 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.

Regulations Review Committee

- 12 The Order is considered a disallowable instrument under the Legislation Act 2019. I do not consider there to be grounds for the Regulations Review Committee to draw the Order to the attention of the House of Representatives under Standing Order 327.

Certification by Parliamentary Counsel

- 13 The Parliamentary Counsel Office has certified the Order in Council as being in order for submission to Cabinet.

Impact Analysis

- 14 The Treasury's Regulatory Impact Analysis team has determined that this proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor impacts on businesses, individuals, and not-for-profit entities.

Publicity

- 15 The Order will be published on the New Zealand Legislation website. Customs will update its website and relevant factsheets once notification of the Order has been made in the Gazette. The Ministry of Foreign Affairs and Trade (MFAT) will manage relationships with countries impacted by the update.

Proactive release

- 16 I do not intend to proactively release this paper and instead determine it be released once notification of the Order is made in the Gazette, as the proposals impact duty payable for certain countries, and in order to allow MFAT time to manage bilateral relationships.
- 17 Release of this paper and associated Cabinet material will be assessed on the advice of the Minister of Foreign Affairs where content relates to foreign policy.

Consultation

- 18 MFAT and Customs have been consulted in the course of developing the draft Order. The Policy Advisory Group in the Department of Prime Minister and Cabinet, the Treasury, and the Ministry of Justice have been informed.
- 19 Consultation with industry was not required as the updates will have minimal or no impact on most New Zealand businesses and consumers as trade with GSP beneficiary countries with which New Zealand does not have an FTA is relatively small.

Recommendations

I recommend that the Cabinet Legislation Committee:

- 1 **note** that on 11 April 2023, Cabinet agreed to update the ‘less’ and ‘least’ developed countries eligible for the Generalised System of Preference by Order in Council under section 7A(1) of the Tariff Act 1988 [CAB-23-MIN-0126 refers];
- 2 **note** that the Tariff (Less Developed Countries and Least Developed Countries) Order 2023 will give effect to the decision referred to in paragraph 1 above;
- 3 **authorise** the submission to the Executive Council of the Tariff (Less Developed Countries and Least Developed Countries) Order 2023;
- 4 **note** that the Tariff (Less Developed Countries and Least Developed Countries) Order 2023 come into force on 1 October 2023.

Authorised for lodgement

Hon Dr Duncan Webb
Minister for Commerce and Consumer Affairs