



AGREEMENT BETWEEN NEW ZEALAND AND THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU ON ECONOMIC COOPERATION



This New Zealand Commerce and Industry Office publication provides an overview and a practical business guide to the agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation. A full copy of the Agreement and associated documents can be obtained at **www.nzcio.com**

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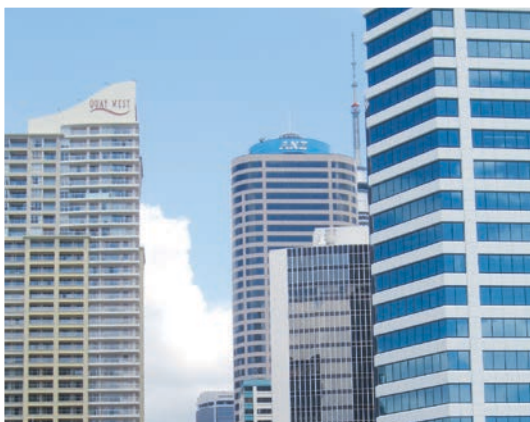


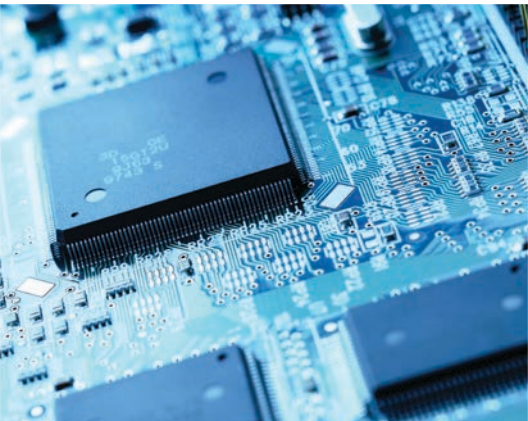
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1 WHAT IS ANZTEC?

The Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation (ANZTEC) is a high quality, comprehensive trade agreement that will liberalise and facilitate trade in goods, services and investment between the two markets. ANZTEC is a significant agreement for New Zealand. It delivers preferential tariff access that gives New Zealand exporters a key competitive advantage in an important 'affluent-Asia' market of 23 million people. It also includes innovative provisions on film and television, indigenous cooperation and air links that will expand existing creative, cultural and people-to-people links.



The key elements of ANZTEC include:

Liberalised trade in goods

The removal over time of tariffs on 100 percent of New Zealand's current exports to Chinese Taipei. Once the agreement is fully implemented, this will equate to an estimated annual duty saving of \$75.8 million based on current trade.

Rules to govern trade

Robust rules that will allow New Zealand exporters to effectively take advantage of the preferential conditions offered under ANZTEC for trade in goods, without undue compliance costs.

Liberalised trade in services

New Zealand service providers will benefit from improved commitments from Chinese Taipei in services, particularly in education and air transport-related services.

Movement of people

Provisions to better facilitate the movement of business people between New Zealand and Chinese Taipei.

Enhanced facilitation and protection for investment

A transparent set of rules based on international best practice intended to facilitate investment flows and to provide for the balanced protection of investment. It further establishes a framework to ensure that investors of both economies benefit from future liberalisation in specific areas.



Measures to improve business flows

Measures relating to customs procedures and cooperation, sanitary and phytosanitary measures, standards, technical regulations and conformity assessment procedures, electronic commerce, intellectual property and competition policy.

These are all designed to reduce barriers to doing business in Chinese Taipei, as well as to improve dialogue and cooperation between New Zealand and Chinese Taipei.

Official procurement

New Zealand suppliers are guaranteed on-going access to areas of the official procurement market of Chinese Taipei on an equivalent footing with both local suppliers and Parties to the WTO Government Procurement Agreement.

Trade and labour, trade and environment

Chapters on Trade and Labour, and Trade and Environment that will enhance communication and cooperation on these issues and assist in meeting the shared objectives of raising working standards and improving environmental protection in New Zealand and in Chinese Taipei. There are provisions on Voluntary Market Mechanisms and an article on liberalising trade in Environmental Goods and Services that includes a list of 132 environmental goods.

Air transport

A new “open skies” Air Transport Agreement (ATA) that removes restrictions on the frequency of flights between destinations in New Zealand, destinations in Chinese Taipei, and destinations in many other parts of the world.

Film and TV co-production

Provisions providing for the possibility of co-productions between New Zealand and Chinese Taipei in film or television. Film and television co-productions are entitled to all the benefits accorded to domestic productions in the laws and regulations of each.

Indigenous cooperation

An Indigenous Cooperation Chapter that will enhance the cultural and people-to-people links between the indigenous people of Chinese Taipei and the New Zealand Māori as well as expand and facilitate trade.

Dispute settlement

A robust dispute resolution mechanism for the resolution of disputes between New Zealand and Chinese Taipei relating to the application or interpretation of ANZTEC.

2 ABOUT ANZTEC

Chinese Taipei is one of New Zealand's top 10 export destinations. In the year to May 2013, exports were worth NZ\$850m. It is an important source of imports, a significant tourism market and a source of investment. There is a large Taiwanese community in New Zealand, and cultural links between the indigenous people of Chinese Taipei and Māori are growing. It was against this backdrop of growing social, economic and business interests, that ANZTEC was signed.



While New Zealand and Chinese Taipei do not maintain formal diplomatic relations, New Zealand's one China policy allows the pursuit of trade, economic and cultural links with Chinese Taipei. Chinese Taipei has for many years been an important market for New Zealand goods and services exporters. Its import regime, like a number of others in North Asia, was heavily protected against imports of agricultural, fisheries and forestry products.

Major liberalisation occurred in 2001 when Chinese Taipei joined the WTO as the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei). Over the years, considerable work has been done analysing the potential impact of a bilateral trade liberalisation agreement. In the meantime, New Zealand has negotiated a Free Trade Agreement with China and a Closer Economic Partnership with Hong Kong.

Negotiations on ANZTEC commenced in May 2012 following the completion of independent Feasibility Studies and a Joint Study by the New Zealand Commerce and Industry Office in Taipei and the Taipei Economic and Cultural Office in Wellington. These studies concluded that a high quality Economic Cooperation Agreement (ECA) between the two parties was feasible, and would bring significant benefits to both sides.

ANZTEC was signed in Wellington on 10 July 2013 and is expected to enter into force by 1 January 2014.



3 LIBERALISING TRADE IN GOODS

Full details of the changes to tariffs and the timetables for these changes are set out in the schedule to ANZTEC. The tariff schedule and a “tariff finder” tool are located on the www.nzcio.com website.

A step-by-step practical guide for businesses exporting goods under ANZTEC is set out in Appendix 1 of this Guide.

Opening up the Chinese Taipei Market

ANZTEC will eliminate tariffs on 100 percent of New Zealand’s current exports to Chinese Taipei in a staged timeline. Once the agreement is fully implemented, this will equate to an estimated annual duty saving of NZ\$75.8 million based on current trade.



Immediate tariff elimination

- > On entry into force ANZTEC will immediately take the percentage of New Zealand goods entering Chinese Taipei tariff-free from 25 percent to 70 percent
- > Tariffs on NZ\$432.5 million of New Zealand’s current exports to Chinese Taipei will be eliminated on day one, with an estimated annual duty saving to New Zealand exporters of NZ\$40.3 million.
- > Virtually all New Zealand dairy exports including milk powder, cheese and butter; and all New Zealand apple, cherry and wine exports will be duty free on entry into force.

Elimination over 2-3 years

- > All duties on beef, New Zealand’s second biggest export to Chinese Taipei, will be eliminated over two years, with an estimated annual duty saving to New Zealand of NZ\$8.7 million.
- > All duties on kiwifruit, New Zealand’s third biggest export to Chinese Taipei, will be eliminated over three years, with an estimated annual duty saving to New Zealand of NZ\$14.7 million.

Elimination over 4 years

- > By the end of the first four years 98.7 percent of current exports to Chinese Taipei will be duty free.
- > Duties on sheep meat, the majority of fish and seafood products, cream and evaporated milk products and honey will be phased out over four years.

Elimination over 8 years

- > By the end of eight years 99.6 percent of current exports to Chinese Taipei will be duty free.
- > Duties on the remaining fish products, some varieties of fresh fruits, root vegetables, bee pollen, royal jelly and tobacco will be eliminated over eight years.

Elimination over 12 years

- > By the end of 12 years, tariffs on 100 percent of current trade will have been eliminated.
- > Tariffs on all New Zealand liquid milk and fresh deer velvet will be eliminated over a 12 year transitional period. During this period

New Zealand will enjoy specific tariff quotas with expanding volumes. All trade occurring within these tariff quotas is duty-free.

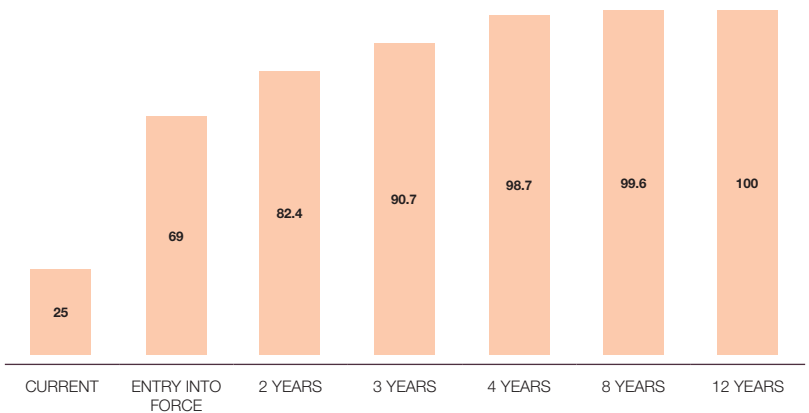
- > The initial fresh deer velvet quota is set at 1000 kilograms and expands to 3750 kilograms by year 11 of the agreement.
- > The initial liquid milk quota volume is 5500 tonnes, more than 100 percent of current New Zealand liquid milk exports to Chinese Taipei.
- > For both liquid milk and fresh deer velvet, New Zealand exporters will retain the right to trade under Chinese Taipei's WTO global tariff quotas.

TOP TEN NEW ZEALAND EXPORTS TO CHINESE TAIPEI 2012

RANK	PRODUCT	CURRENT TARIFF	ZERO TARIFF DATE	TRADE VALUE 2012
1	Milk Powder	10%	on entry into force	\$NZ 152 million
2	Frozen Beef	NTD\$10/kg	Year 2	\$NZ 121 million
3	Kiwifruit	20%	Year 3	\$NZ 95 million
4	Butter & Milk Fat	5% & 8%	on entry into force	\$NZ 53 million
5	Sheep Meat	15% or NTD\$11.30/kg	Year 4	\$NZ 52 million
6	Milk Powder Preparations	12%	on entry into force	\$NZ 42 million
7	Sawn or Chipped Wood	0%	on entry into force	\$NZ 32 million
8	Cheese	5%	on entry into force	\$NZ 28 million
9	Apples	20%	on entry into force	\$NZ 18 million
10	Chemical Wood Pulp	0%	on entry into force	\$NZ 17 million



PERCENTAGE OF NEW ZEALAND EXPORTS ENTERING CHINESE TAIPEI TARIFF-FREE



Opening up New Zealand's Market

ANZTEC provides Chinese Taipei with improved access to the New Zealand market, with the eventual elimination of tariffs on all goods originating from Chinese Taipei. At the same time the agreement provides a period of four years for New Zealand's most sensitive sectors (vis-a-vis Chinese Taipei) to adjust to tariff reductions such as some textiles, glass jars, and some manufactured products such as plastics and steel.

Structure of the New Zealand Offer

- Already duty free: 44 percent of current trade
- Duty free on EIF: 97.5 percent of current trade
- Duty free after four years: 100 percent of current trade

4 HOW TO QUALIFY FOR THE TARIFF PREFERENCES UNDER ANZTEC (RULES OF ORIGIN)

In order to qualify for the preferential tariffs under ANZTEC, rules applying to the origin of the goods must be met and certain steps must be followed.

Appendix 1 of this Guide provides a step-by-step guide for businesses wanting to export or import under ANZTEC.

The Rules of Origin (ROO) set the criteria for determining which goods qualify for preferential tariff treatment i.e. they determine which products count as goods from New Zealand and Chinese Taipei, and prevent goods from third markets from accessing those benefits.

There are three avenues through which goods can qualify for preferential tariff treatment under ANZTEC:

- > The goods are wholly obtained or produced in New Zealand or Chinese Taipei.



Typically, these goods are natural-resource based goods such as minerals extracted from a Party's soil or seabed or cereals grown in a Party. These products must be wholly obtained in the exporting economy. The types of goods that fall into this category are listed in Chapter 3 of ANZTEC. Any product that is wholly obtained in the exporting Party will qualify for preferential access regardless of the specific rule listed in Annex X (product specific rules).

- > The goods are produced entirely in New Zealand or Chinese Taipei exclusively from originating materials from one or both of the Parties.

These are goods produced entirely in either or both New Zealand and Chinese Taipei, exclusively from originating materials, with no imported material from a non-party to ANZTEC. Goods produced in Chinese Taipei containing materials that originated in New Zealand are deemed to be originating in Chinese Taipei and vice versa. It is necessary to refer to Annex II on Product Specific Rules to ensure that all materials used in the final good meet the originating criteria specified for the product.

- > The goods are produced in New Zealand or Chinese Taipei using third-party inputs.

Chapter 3 of ANZTEC sets out the rules which apply to all goods that contain inputs from markets other than New Zealand and Chinese Taipei. These rules are called Product Specific Rules (PSR). For products containing non-party (markets other than New Zealand and Chinese Taipei) inputs, ANZTEC predominantly uses a change of tariff classification (CTC) approach to determine origin.

The inclusion of the CTC approach ensures consistency in approach for New Zealand exporters.



Further, the CTC approach is generally considered to:

- > Provide greater certainty as to origin (once qualify, always qualify);
- > Reduce the need for costly “red tape” (i.e. records and accounting systems);
- > Facilitate access to global supply chains;
- > Facilitate changes to manufacturing processes as new technologies develop; and
- > Simplify border administration and verification.

For some products, there are alternative regional value content (RVC) rules. The inclusion of an alternative RVC rule offers the producers a choice of two criterion to qualify for preference.

Other requirements

For any good to qualify for the tariff preferences, it must be consigned directly between the two Parties. If transported through a third party, the good must not enter into the trade or commerce there or undergo any operation there other than unloading and reloading, repacking, or any operation required to preserve them in good condition or to transport them to the importing Party.

HS codes

Both the tariff and the CTC based ROO for each product ultimately depends upon the tariff classification of the product. The international tariff classification system, administered by customs services around the world, is called the Harmonised Commodity Description and Coding System (HS). It uses a common customs classification made up of six digits. Most customs services then add a further two digits, which are unique to that administration. The result is an eight-digit number referred to as the tariff code.

- > The first two digits (HS 2-digit level) relate to chapter headings
- > The next two digits (HS 4-digit level) relate to headings
- > The next two digits (HS 6-digit level) relate to subheadings
- > The last two digits (HS 8-digit level) are unique to each administration

For example, the HS code for kiwifruit is 08105000 which can be broken down into:

- > 08: Chapter: Edible Fruit and Nuts
- > 0810: Heading: Other Fruit, Fresh
- > 081050: Subheading: Kiwifruit
- > 08105000 Further identifier

Certificates/declarations of origin

Importers wanting to make a claim for preferential tariff treatment under ANZTEC may do so based on:

- > A written or electronic declaration of origin;
- > A written or electronic certificate of origin; or
- > Other evidence to substantiate the tariff preference.

Under the CTC approach, a good will qualify for preferential tariff treatment if all third party inputs used in its production have undergone a specified change of tariff classification.

Under the RVC approach, a good will qualify for preferential tariff treatment provided the value of originating inputs is equal or greater than the specified RVC value of that good. For certain products, there is an optional RVC requirement, which allows producers to choose which rule best suits their particular business model, and also allows for origin conferring transformation where the structure of the Tariff Schedule does not provide for an appropriate CTC rule.

5 MEASURES TO IMPROVE THE BUSINESS ENVIRONMENT

New Zealand has for many years benefited from strong trading ties with Chinese Taipei. ANZTEC builds on this and provides a framework for facilitating trade at least-cost to industry. ANZTEC also sets out specific ways in which the two Parties will cooperate and how any differences that arise will be resolved.

CUSTOMS PROCEDURES AND COOPERATION

Some of the practical outcomes that will achieve predictability, certainty and reduce costs for traders include:

- > New Zealand goods will be cleared within 48 hours of the time of arrival in most cases;
- > Traders can obtain written advance rulings on tariff classification and origin;
- > A risk management approach to customs clearance will facilitate clearance of low-risk goods; and
- > Provisions on challenging customs decisions.

SANITARY AND PHYTOSANITARY MEASURES

Sanitary and phytosanitary (SPS) measures are used to protect human, animal or plant life or health by preventing the introduction of pests and diseases, and to help ensure food is safe for consumption.

ANZTEC establishes a framework that is intended to help prevent SPS issues arising. It does this by applying the trade rules in the SPS area set by the World Trade Organisation (WTO) to bilateral trade. One of ANZTEC's provisions creates a facility for either economy to recognise, where appropriate, the other's SPS measures as being equivalent to its own (even though they may differ in the detailed procedures). This means that if a regulator from the exporting market can objectively demonstrate that the result of applying its measures achieves the same outcome in the level of protection as the importing market's measure, no further processes or procedures need be applied. This is supported by provision for each Party to verify and audit each other's competent authorities and regulated systems.





Businesses experiencing any SPS problems when exporting to Chinese Taipei should contact NZCIO.

TECHNICAL BARRIERS TO TRADE

Standards, regulations and conformity assessment procedures can act as technical barriers to trade (TBT). ANZTEC aims to reduce unnecessary TBTs between New Zealand and Chinese Taipei by establishing a framework of provisions and mechanisms to enable the resolution of issues as and when they arise. These include:

- > A commitment that each Party should accord to conformity assessment bodies located in the other Party treatment no less favourable than what it accords to conformity assessment bodies in its own jurisdiction;
- > The Parties are encouraged to use a broad range of mechanisms to facilitate the acceptance of conformity assessment procedures conducted in the other Party;
- > Regulatory dialogue and cooperation is encouraged to facilitate the acceptance of conformity assessment results, to support greater regulatory alignment and to eliminate unnecessary technical trade barriers;
- > International standards, guides and recommendations are to be used as the basis for technical regulations whenever possible;
- > A commitment that the Parties will engage in technical discussions with a view to resolving issues as they arise; and
- > Provision to, over time, conclude arrangements on specific products of mutual interest.

COMPETITION

ANZTEC recognises the strategic importance of promoting open and competitive markets through the effective application of competition policies for the purposes of enhancing trade and investment, economic efficiency and consumer welfare. The Competition Chapter provides a principles-based approach to substantive provisions on competition law and provisions for competition policy cooperation. It encourages cooperation between the Parties through the exchange of information. Consistent with New Zealand's approach to competition chapters in FTAs, commitments in the competition chapter are not subject to dispute settlement.

ELECTRONIC COMMERCE (E-COMMERCE)

The chapter on Electronic Commerce reaffirms the importance of electronic commerce and its contribution to economic growth and the need to avoid barriers to its use and development. In particular, it requires the maintenance of a predictable and simple legal environment for e-commerce, taking into account international norms and practices. There is provision for consultation between Parties on e-commerce policies. The Electronic Commerce Chapter is not subject to the dispute settlement mechanism.

INTELLECTUAL PROPERTY

ANZTEC promotes the importance of intellectual property rights in fostering trade between New Zealand and Chinese Taipei. The intellectual property provisions incorporate the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) and both Parties reaffirm their commitments to TRIPS. ANZTEC also recognises the need to achieve a fair balance between the rights of intellectual property rights holders, the legitimate interests of users and the wider interest of the public with regard to the protected subject matter. It also provides for adequate protection and enforcement of intellectual property rights and also retains flexibility to deal with issues related to the protection of genetic resources, traditional knowledge and folklore.

TRANSPARENCY

ANZTEC's transparency chapter contains obligations that ensure that each Party publishes or makes available its laws, regulations, procedures and administrative rulings of general application. Each Party commits to providing impartial administrative proceedings and reviews and appeals in accordance with its law. ANZTEC provides for notification and information exchange should any proposed or actual measure materially affect the operation of ANZTEC or substantially affect the other Party's interests. Contact points are also established to facilitate communications between the Parties.



6 LIBERALISING CROSS-BORDER TRADE IN SERVICES

ANZTEC will facilitate the expansion of services trade between New Zealand and Chinese Taipei.

ANZTEC addresses a broad spectrum of economic activities such as tourism, education, professional services and transport. Though trade in services is not as easily recognisable as trade in goods, the WTO estimates that by 2020 services will represent 50 percent of world trade.

A service is “traded” where the service supplier and customer are from different markets, even though the actual supply of the service will usually take place in just one of the markets. Box 1 describes the different ways services can be traded.



Scope of services covered

The Cross-Border Trade in Services Chapter in ANZTEC does not apply to government procurement, services supplied in the exercise of governmental authority, subsidies or grants (although there are provisions enabling consultations on subsidies issues), measures affecting natural persons of a Party seeking access to employment or the employment market of a Party. With these exceptions, ANZTEC covers all types of services.

Box 1: The Four Modes of Supply

Trade in services includes services supplied using any of the following modes:

Mode 1: Cross-Border Trade

The service is supplied by a provider physically located in one economy, to a customer in another economy (for example, over the internet).

Mode 2: Consumption Abroad

A customer travels to another economy to consume a service (for example, a student travels abroad to study).

Mode 3: Commercial Presence

A foreign service supplier establishes a legal presence in another economy to provide a service (for example, a company opens an office or enters into a joint venture in another economy).

Mode 4: Movement of Natural Persons

A person travels temporarily to another economy in order to supply a service directly. Commitments on the temporary entry of business people are included in a separate chapter (see page 22 for further details).

**Market access commitments and other
core obligations**

The Cross-Border Trade in Services Chapter of ANZTEC establishes the following key obligations for services trade:

- > Market Access – the Parties are prohibited from limiting access to their market through the use of quantitative restrictions such as limits on the number of service suppliers or the value of services supplied.
- > National Treatment – the Parties must treat services suppliers from the other market no less favourably than they treat their own domestic suppliers in like circumstances.
- > Local Presence – the Parties cannot require a foreign service provider to have a commercial presence, or a legal presence in the other market, as a precondition to operating in the market when the services can be delivered in other ways.
- > Most Favoured Nation (MFN) – Chinese Taipei and New Zealand services suppliers are entitled to non-discriminatory treatment compared to other foreign services suppliers “in like circumstances”. This means that the service suppliers of each Party receive the benefit of any better treatment that is accorded to other foreign service suppliers. This obligation is subject to certain reservations and exceptions.

Each Party is required to observe these four obligations unless a specific exception is included in a Party's services schedule (or by a general exception in the text of ANZTEC). This is called a 'negative list' approach to scheduling services commitments. The advantage of a negative list approach is that all services are included under the agreement and subject to the above obligations, unless specifically excluded. Appendix 3 of this booklet provides an explanation of how to read a negative list.

ANZTEC also contains a mechanism that ensures that if and when further domestic liberalisation is undertaken or improvements are made in relation to certain laws or regulations etc in Chinese Taipei, those liberalisation and improvements are captured by the FTA and automatically passed onto New Zealand service suppliers. This obligation is reciprocal (New Zealand has made a similar commitment under agreements with Brunei Darussalam, Chile, Hong Kong, China and Singapore) and helps to ensure that the benefits of the FTA endure well into the future.

Commitments on the operation of domestic regulation will also provide greater certainty and transparency for New Zealand service suppliers, particularly in relation to authorisation and licensing processes in Chinese Taipei.



Chinese Taipei's market access commitments

Chinese Taipei has existing commitments for services market access (including Mode 3 investment) under the WTO General Agreement on Trade in Services (GATS). Under ANZTEC, Chinese Taipei has agreed to make additional commitments and expand the coverage of committed sectors, including services incidental to fishing and energy production, distribution, financial services, maritime and road transport, and entertainment, sporting and recreational services. These outcomes will provide New Zealand service suppliers with the certainty of continued openness in these areas. Since they are additional to those commitments made to WTO members under the GATS, service suppliers of other countries will not benefit from them unless covered by similar bilateral commitments.

Particularly noteworthy were the improved commitments New Zealand was able to secure from Chinese Taipei in respect of education services. Chinese Taipei has committed to liberalise its education sector to provide for further New Zealand involvement, including lifting its existing restriction on the operation of international schools to allow New Zealand investors to establish on a for-profit basis. With respect to local primary and secondary schools, Chinese Taipei also agreed to liberalise its existing restrictions on foreign investment in primary and secondary schools to allow New Zealand investors

to invest in existing not-for-profit schools. Chinese Taipei has also made commitments pertinent to the aviation sector under aircraft repair and maintenance services; sales and marketing of air transport services; computer reservation systems; speciality air services; and ground handling services.

For further details on Chinese Taipei's market access commitments, see ANZTEC, Chapter 13 and Annex 4: Non-Conforming Measures (on the NZCIO website www.nzcio.com)

New Zealand commitments

The market access and domestic regulation obligations in ANZTEC go beyond New Zealand's existing WTO commitments but are consistent with current legislation and policy settings, and commitments made in existing New Zealand FTAs. For details on the services sectors excluded from New Zealand's market access commitments, see the list of New Zealand's Non-Conforming Measures in Annex 4 of ANZTEC (on the NZCIO website: www.nzcio.com)

7 TEMPORARY ENTRY OF BUSINESS PERSONS

ANZTEC provides commitments that will facilitate the movement of business persons engaged in trade and investment and ensure New Zealanders benefit from transparent application procedures for temporary entry processes.

ANZTEC requires both Parties to publish all relevant information about their immigration requirements for categories covered by ANZTEC. Any fees imposed in respect of the processing of an immigration formality in categories covered by ANZTEC must be reasonable and based on the approximate cost of services rendered. Within 15 working days of making an application for temporary entry in categories covered by parties' ANZTEC commitments, applicants must be informed of a decision, or informed when a decision will be made.

The rules relating to movement of business persons include a schedule from each of the Parties.

Chinese Taipei's schedule commitments go beyond those made in the GATS. Chinese Taipei's schedule contains commitments on the temporary entry and duration of stay for particular categories of business visitors, intra-corporate transferees, installers or servicers and independent professionals on the following basis:

- Business visitors for a period not exceeding 90 days;
- > Intra-corporate transferees for a period of initial stay up to a maximum of three years that may be renewed for one-year periods indefinitely;
 - > Installers or servicers for a period not exceeding 90 days; and
 - > Independent professionals, subject to economic needs tests, for a period not exceeding one year.

New Zealand's schedule is consistent with current policy settings and contains the following commitments on the temporary entry and duration of stay for particular categories of business persons on the following basis:

- > Business visitors for a period not exceeding in aggregate three months in any calendar year;
- > Intra-corporate transferees for a period of initial stay up to a maximum of three years for senior managers (provided they have been employed by their employer for at least 12 months prior to their proposed transfer to New Zealand) and specialists;
- > Installers or servicers for periods not exceeding three months in any 12-month period; and
- > Independent professionals, subject to economic needs tests, for a period up to a maximum of 12 months.





8 INVESTMENT

Up until now, New Zealand has not had international legal rules in place that safeguard the interests of New Zealand investors in Chinese Taipei. ANZTEC establishes a set of transparent rules based on international best practice intended to facilitate investment flows and provide for the balanced protection of investment. Further, ANZTEC includes reciprocal mechanisms to ensure that both New Zealand and Chinese Taipei investors benefit from future liberalisation in specific areas undertaken by the Parties.

ANZTEC includes a high quality investment chapter that encourages free and open flows of investment between New Zealand and Chinese Taipei and that provides a framework of disciplines and protections for investors and investments.



Reciprocal disciplines include the following, which are subject to specific exceptions in the services and investment schedules of ANZTEC:

- > **National treatment:** New Zealand investors and investments in Chinese Taipei are entitled to non-discriminatory treatment compared to domestic investors and investments “in like circumstances”;
- > **Most-favoured-nation treatment:** New Zealand investors and investments in Taipei are entitled to non-discriminatory treatment compared to other foreign investors and investments “in like circumstances”. This means that New Zealand investors receive the benefits of any better treatment that New Zealand provides to other foreign investors, subject to certain reservations and exceptions;
- > **Performance requirements:** New Zealand investors and investments may not be subject to a range of trade and investment distorting performance requirements, such as requirements to purchase goods produced in Chinese Taipei or to relate domestic sales to export earnings, whether as a condition to enter the market or in order to receive an advantage; and
- > **Senior management and boards of directors:** New Zealand investments in Chinese Taipei may not be required to appoint persons of a particular nationality to senior management positions, or to appoint persons of a particular nationality or residency to their board of directors.

These are supplemented by balanced rules designed to protect investments from conduct to which investors in foreign countries can be exposed. These include the following rules:

- > **Transfers:** Limitations on the circumstances in which restrictions can be imposed on the transfer of a New Zealand investor's capital out of Chinese Taipei;
- > **Expropriation and compensation:** Chinese Taipei can only expropriate or nationalise a New Zealand investor's property in Chinese Taipei for a public purpose, in a non-discriminatory manner, on payment of compensation, and in accordance with due process. Legitimate measures designed to protect the public welfare (including safety, health and the environment) will not be considered to breach this article; and

> **Minimum standard of treatment:**

New Zealand investments in Chinese Taipei must be treated in accordance with the customary international law minimum standard of treatment, which requires fair and equitable treatment and the provision of full protection and security.

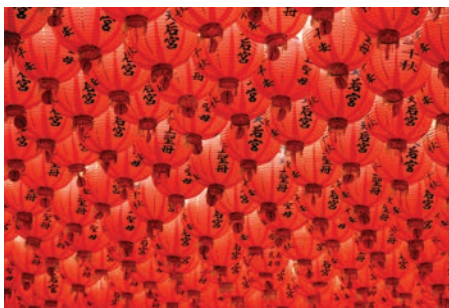
As in all New Zealand's existing FTAs and investment agreements, ANZTEC contains provisions aimed at safeguarding the Government's right to regulate. Under ANZTEC's investor party dispute settlement mechanism, the New Zealand Government would have to consent before a claim could be brought.



9

GOVERNMENT PROCUREMENT

ANZTEC gives New Zealand exporters increased opportunities to compete for contracts in Chinese Taipei's official procurement market. The Government Procurement Chapter text includes binding obligations on non-discrimination and national treatment, a range of transparency obligations, and procedural requirements for contracts valued at or above SDR 130,000¹ (approximately NZ\$244,000) for goods and services and SDR 5 million (approximately NZ\$9.4 million) for construction services.



ANZTEC provides that, where procurements are valued at or above the specified threshold, those entities covered by ANZTEC must afford national treatment (ie treat New Zealand suppliers the same as their local suppliers) and follow certain procedures that provide for open and selective tendering except in certain circumstances.

Chinese Taipei has committed the central entities, goods, services and construction services contained in its final offer in the WTO Agreement on Government Procurement.

This puts New Zealand suppliers on equal footing with suppliers from members of the WTO Agreement on Government Procurement (GPA) in respect of contract opportunities with these central agencies.

New Zealand has committed 24 of the 31 central government entities already obliged to conduct their procurement in accordance with the New Zealand Government Procurement Policy and the Government Rules of Sourcing. New Zealand has committed all goods and services procured by those entities except services relating to the procurement of research and development, public health, education, and welfare services. The Government Procurement chapter does not apply to commercial sponsorship arrangements.

The commitments in the Government Procurement chapter are consistent with New Zealand's existing Government Procurement Policy and the Mandatory Rules for Procurement by Departments. No new obligations are created and, therefore, no new measures are required to implement the chapter.

¹ Thresholds are expressed in IMF Special Drawing Rights (SDRs). The conversion from SDRs to New Zealand dollars may change periodically with currency fluctuations.

10

DISPUTE SETTLEMENT

The Dispute Settlement chapter provides a mechanism for the resolution of disputes between Chinese Taipei and New Zealand relating to the application or interpretation of ANZTEC.

The dispute settlement mechanism provides effective, efficient and transparent processes to settle any disputes arising. This ensures that New Zealand is able to pursue a matter to arbitration should it consider that Chinese Taipei has not acted in accordance with obligations under ANZTEC. Conversely, New Zealand may also be held to account if Chinese Taipei considers that New Zealand has not fulfilled its obligations.

Each Party must allow adequate opportunity for consultation to resolve any disputes and may agree to alternative dispute resolution through good offices, conciliation or mediation. The chapter also allows for Parties to select the WTO as a forum for dispute settlement, rather than ANZTEC dispute settlement process, but once that selection is made the Parties must stick to their choice of forum. If ANZTEC mechanism is chosen, the chapter sets out a process for the establishment of an arbitral tribunal, its functions, proceedings, termination of proceedings and reports of the arbitral tribunal. The findings and rulings of the arbitral tribunal are final and binding on the Parties and the Parties must comply immediately with the findings and rulings or within a reasonable period of time.

Commitments under the Competition and Electronic Commerce Chapters as well as cooperation on indigenous issues, trade and labour and trade and environment, are excluded from the scope of the dispute settlement mechanism. Commitments under the Temporary Entry of Business Persons Chapter are subject to the dispute settlement mechanism only in limited circumstances. If any dispute arises relating to Air Transport Services, the Parties must endeavour to settle it by consultations. Otherwise, the Air Transport Services Chapter outlines the process for dispute settlement and notes that any disputes arising from the chapter or the Air Transport Agreement will be governed by the provisions in the Dispute Settlement Chapter and that any arbitrators appointed must have specialised knowledge of, or experience in, air transport services.





11 PROTECTIONS UNDER ANZTEC

General exceptions

ANZTEC contains a range of exceptions to ensure that each Party retains decision-making powers to take measures in certain circumstances (such as to deal with an emergency or to achieve certain priority policy outcomes).

Provided that such measures are not used for trade protectionist purposes, ANZTEC will not prevent New Zealand from taking measures necessary to:

- > protect human, animal or plant life or health;
- > protect works or specific sites of historical or archaeological value; and
- > provide support to creative arts of significant value to New Zealand.

ANZTEC will not prevent New Zealand from taking any actions necessary to protect its essential security interests, for prudential reasons, or to respond to serious balance of payments issues and external financial difficulties. Taxation measures are also largely excluded from ANZTEC, except to the extent that they are covered by the WTO.

Neither Party to ANZTEC will be required to disclose information if it considers that the disclosure would:

- > be contrary to its domestic laws;
- > impede law enforcement;
- > be contrary to the public interest;
- > prejudice legitimate commercial interests of particular enterprises; or
- > disclose information for the purpose of judicial proceedings.



Treaty of Waitangi

New Zealand secured a general exception to ensure that New Zealand maintains its ability to take measures to accord more favourable treatment to Māori, including in fulfilment of Treaty of Waitangi obligations, as long as such measures are not used as a means of arbitrary or unjustified discrimination or as a disguised restriction on trade.



12

MOVING FORWARD

ANZTEC establishes a Joint Commission that is responsible for matters relating to the implementation of ANZTEC.

The Joint Commission meetings are an opportunity for either Party to raise issues arising in relation to ANZTEC. There are various specialist committees created by ANZTEC that the Joint Commission will oversee. The Joint Commission will also be responsible for establishing any additional committees or working groups as required, and for exploring measures for further expansion of trade and investment between the Parties.

Cooperation

There are a number of specific commitments that provide for increased regulatory cooperation. These include commitments relating to standards; technical regulations and conformity assessment procedures; education; trade facilitation; customs procedures; competition; intellectual property; and sanitary and phytosanitary measures.

There is also an undertaking to cooperate on mutually agreed trade and labour issues and to address trade-related environmental issues. The Cooperation on Indigenous Issues chapter sets up a process for annual meetings between Chinese Taipei's Council of Indigenous Peoples and Te Puni Kōkiri as well as a mechanism for the promotion and facilitation of the exchange of experiences, development of direct contacts, and personnel exchanges.

General reviews

In addition to the subject-specific reviews provided for in individual chapters, New Zealand and Chinese Taipei have agreed to meet within two years of the date of entry into force, and at least every three years after that, unless otherwise agreed.





13

LABOUR AND ENVIRONMENT

This is the first time that an agreement of this type, concluded by New Zealand, includes substantive chapters on trade and labour; and trade and environment (rather than in linked side agreements). Another first is that ANZTEC includes a commitment to immediate liberalisation of trade in 132 products deemed to support green growth and sustainable development objectives. This bilateral commitment is consistent with efforts in the WTO and APEC to liberalise trade in environmental goods.



TRADE AND LABOUR

The Trade and Labour Chapter includes explicit references to the relationship between trade and labour.

The objectives of the Chapter are to:

- > promote the common aspiration that free trade and investment should lead to jobs with terms and conditions that adhere to internationally recognised fundamental labour principles;
- > promote, through cooperation and dialogue, better understanding of each Party's labour systems, sound labour policies and practices, and the improved capacity and capability of each Party to address labour issues;
- > promote the improvement of working conditions and living standards within the Parties, and protection and observance of fundamental labour principles and rights; and
- > enable the discussion and exchange of views on labour issues of mutual interest or concern.

There is also explicit recognition that labour laws, regulations, policies and practices should not be used for trade protectionist purposes, nor may they be weakened or reduced to secure trade or investment advantage.

Public participation

Each Party may invite the participation of its unions and employers or stakeholders in identifying potential areas for cooperation and undertaking cooperative activities.

TRADE AND ENVIRONMENT

This chapter aims to enhance the capacities and capabilities of the Parties to address trade-related environmental issues including through cooperation. The Parties respect each other's right to enforce their own environmental laws and regulations, and reaffirm their commitments to fulfil their international environmental obligations.

Key commitments under ANZTEC include:

- > not weakening environmental laws in a manner affecting trade;
- > ensuring that a Party's environmental laws, regulations and policies and practices are not used for protectionist purposes, and promoting public awareness of environmental laws and regulations; and
- > elimination of tariffs on the list of 132 environmental goods. To see the specific goods included on this list visit (www.nzcio.com)

Voluntary market mechanisms

The Parties recognise that flexible, voluntary mechanisms, such as voluntary sharing of information and expertise, voluntary auditing and reporting, and market-based incentives, can contribute to high levels of environmental protection. Under ANZTEC both Parties have agreed to

encourage the development and use of voluntary mechanisms to protect natural resources and the environment, and to encourage those developing or applying voluntary environmental standards (such as labelling) to do so in a way that supports positive environmental outcomes, but avoids potential distortions to trade and markets.

Cooperation and dialogue

ANZTEC enables both Parties to work together in advancing their understanding of the environment and trade. It provides for cooperation on mutually agreed environmental issues, including through the interaction and involvement as appropriate, of administrative, industry, educational and research institutions of New Zealand and Chinese Taipei. The Parties will meet within the first year after ANZTEC enters into force and then as mutually decided.

Public participation

Each Party may consult with domestic stakeholders on matters relating to the operation of the Chapter, and unless otherwise agreed, will make public a report on its work at the end of each meeting of the Parties.



14

AIR TRANSPORT SERVICES

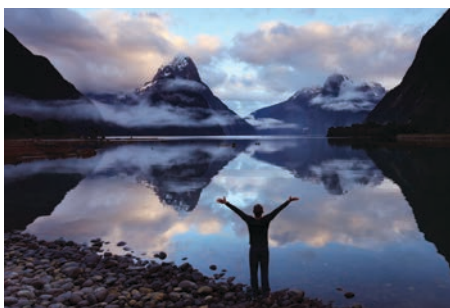
The Air Transport Services Chapter incorporates a new “open skies” Air Transport Agreement (ATA) that removes restrictions on the frequency of flights between destinations in New Zealand, destinations in Chinese Taipei and destinations in some other parts of the world.

The ATA removes the previous reciprocal limit of seven flights per week between New Zealand and Chinese Taipei, opening the way to more frequent commercial flights. It sets out the process for authorisation of airlines to operate scheduled services on agreed commercial air routes, and outlines the traffic rights of designated airlines, including rights to uplift/discharge passengers, cargo and mail.

The ATA also sets out obligations relating to Aviation Safety and Security, including mutual recognition of valid licences and certificates of airworthiness and assistance to prevent threats to aviation security.

There are provisions to enhance commercial opportunities that set out processes for cooperative marketing arrangements and leasing arrangements. Some aviation-related items are exempted from taxes, duties, fees and charges.

The Air Services chapter encourages cooperation to facilitate exchange of information, mutual recognition of safety regulatory certification and/or processes, and trade in civil aviation-related goods and services.



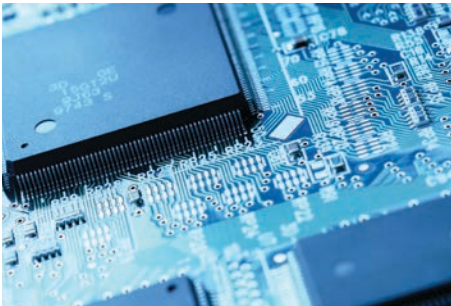
15

FILM AND TELEVISION COOPERATION

ANZTEC provides for the possibility of co-productions between New Zealand and Chinese Taipei in film or television. The chapter includes principles covering: approval; contributions; entitlement to benefits; rules of participation and engagement in a co-production; official facilitation; functioning of the agreement; and implementing arrangements for the guidance of the competent authorities.

ANZTEC provides for co-production films and television programmes between the Parties to be recognised as domestic productions and fully entitled to the benefits available to domestic productions. This chapter sets out the process for approval of projects, contribution and participation requirements, and also provides for the approval of co-productions involving non-Parties. It also sets out requirements in relation to making up to first-release print, location filming, soundtrack, acknowledgments, and credits. For the purpose of making or promoting a co-production film or television programme, each Party undertakes to permit natural persons of the Parties and co-producing non-Parties to enter and remain in their jurisdiction and there is also provision, in accordance with legislation, for technical equipment to enter temporarily, free of import duties and taxes, for the making of official co-productions.

The Chapter also establishes a Film and Television Mixed Commission to review the operation of the Chapter and to make any proposals necessary to improve its effectiveness. The Mixed Commission is to be convened (physically or by teleconference) within six months of a request by either of the Parties.



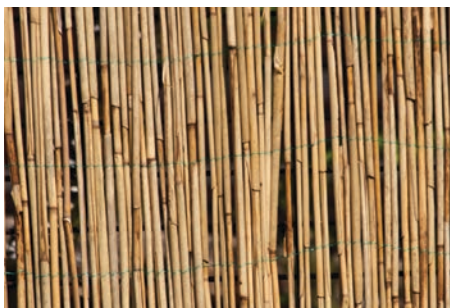


16 COOPERATION ON INDIGENOUS ISSUES

In recognition of the unique connections between Indigenous People in Chinese Taipei and New Zealand Māori, ANZTEC includes a chapter on Indigenous Cooperation. The chapter builds on the previous non-legally binding 2004 arrangement between NZCIO and TECO on indigenous cooperation. It seeks to enhance the cultural and people-to-people links between the indigenous people of Chinese Taipei and New Zealand Māori as well as expand and facilitate trade and economic cooperation.

ANZTEC sets up a process for annual meetings between Chinese Taipei's Council of Indigenous Peoples and Te Puni Kōkiri as well as a mechanism for the promotion and facilitation of the exchange of experiences, development of direct contacts, and personnel exchanges. The agreement also seeks to facilitate contacts between academic institutions, local authorities and other groups and organisations which can facilitate economic and cultural cooperation.

Areas of potential cooperation identified in the agreement include economic and business development, tourism, natural resource development, artistic performances, agricultural production, culture, language promotion, education, human rights, land ownership issues, employment, social policy, biodiversity, sports and traditional medicine.



17 TAKING ADVANTAGE OF ANZTEC

One of the first steps towards helping New Zealand businesses to take advantage of the opportunities that ANZTEC provides is to make sure that they are informed. The www.nzcio.com website contains the texts of ANZTEC and its annexes, the Air Transport Agreement and an explanation of how the agreements will operate. The website has information on doing business with Chinese Taipei. A tariff finder tool enables importers to locate the tariff and rules of origin provisions applying to their products.





APPENDIX 1

EXPORTING AND IMPORTING GOODS UNDER ANZTEC

This step-by-step guide is designed for individual importers who want to determine how their goods will be treated under ANZTEC.

A copy of the guide and a tariff finder tool can be found on the www.nzcio.com website.

There are 4 key steps:

- Step 1** Establish the tariff classification of a good
- Step 2** Check the tariff commitments for the good in the relevant tariff schedule
- Step 3** Determine the Rules of Origin (ROO) applying to the good
- Step 4** Obtain a Certificate of Origin or Declaration of Origin (minor exceptions apply)

Step 1: Establish the tariff classification of a good

Tariff classification determines the specific Rule of Origin (ROO) for each good and what tariff preferences might apply. It is therefore critical to establish the tariff classification first.

You can get an indication of the tariff classification of a good by entering a description of the good into the tariff finder tool on the www.nzcio.com website.

If you or your customs broker are not confident with your classification of a good, you can apply under ANZTEC for a binding tariff classification or 'advance ruling' that is only valid for the applicant. Please contact the New Zealand Customs Service.

Step 2: Check the tariff commitments for the good in the relevant tariff schedule

Please note, tariff preference is only applicable to 'originating goods' – see step 3.

To import products into New Zealand you need to check New Zealand's tariff schedule. The New Zealand tariff schedule is available on the www.nzcio.com website. The schedule contains lines that show the year-by-year tariff phase-out arrangements for every tariff item. You can use the tariff finder tool on the website to search for tariff lines.

Each tariff line contains the following details:

- > A 'base rate' column showing the tariff that applied in 2012
- > The preferential rates under ANZTEC for each year over the tariff phase-out period

The tariff cuts shown will take effect on 1 January of the relevant year.

Information on accessing the CTSQs for liquid milk and fresh deer velvet can be found at www.nzcio.com

Step 3: Determine the Rules of Origin applying to the good

Goods must qualify as 'originating' to gain preferential tariff treatment under ANZTEC.

Any imports into New Zealand that do not meet the Rules of Origin (ROO) set out in Chapter 3 and Annex I to Chapter 3 to ANZTEC will be subject to normal tariff rates and not the preferential rates that apply under ANZTEC.

A good can qualify as 'originating' under ANZTEC if:

- > The good is wholly obtained or produced entirely in either Chinese Taipei or New Zealand. These goods receive the tariff preference as of right. To qualify as wholly obtained or produced the good must be:

- Obtained (e.g. farmed or fished in Chinese Taipei) or produced entirely from natural resource-based goods (e.g. produced in Chinese Taipei from goods farmed or fished in Chinese Taipei);

OR

- The good is produced entirely in either or both Chinese Taipei and New Zealand, exclusively from materials whose origin conforms to the provisions of the ROO Chapter and the ROO schedule (Chapter 3 and Annex I to Chapter 3 of ANZTEC);

OR

- The good is manufactured in either or both Chinese Taipei and New Zealand, using inputs from other markets, where those third Party inputs conform to the provisions of the ROO Chapter and the ROO schedule (Chapter 3 and Annex I to Chapter 3 of ANZTEC).

The product-specific ROO (Annex I to Chapter 3 under ANZTEC) can be found on the www.nzcio.com website.

In all circumstances above, to claim the preferential tariff rate, the good must not enter the commerce of a market other than Chinese Taipei or New Zealand after export or before import. Simple trans-shipment and temporary storage of up to six months is allowed, however.

As with tariff classification, you may seek an 'advance ruling' on the origin of the good, by contacting the New Zealand Customs Service. The contact details for requesting an advance ruling are listed under 'Contact details' later in this section.

Step 4: Obtain a Certificate of Origin or Declaration of Origin

An importer may make a claim for preferential tariff treatment based on any of the following:

- a) a written or electronic declaration of origin;
- b) a written or electronic certificate of origin; or
- c) other evidence to substantiate the tariff preference claimed for the goods.

The declaration or certificate of origin should be completed in English.



APPENDIX 2

SAMPLE CERTIFICATE OF ORIGIN

1. Exporter details (Name and Address)

2. Producer, if known (Name and Address)

3. Importer, if known (Name and Address)

4. Description of Good(s)

5. HS Code (six-digits)

6. Preference Criterion

7. Produce

8. Regional Value Content, if required

9. Party of Origin

10. Certification of Origin

I certify that:

- > The information on this document is true and accurate and I assume the responsibility for providing such representations. I understand that I am liable for any false statements or material omissions made on or in connection with this document.
- > I agree to maintain and present upon request, documentation necessary to support this certificate, and to inform, in writing, all persons to whom the certificate was given of any changes that could affect the accuracy or validity of this certificate.
- > The goods originated in the Parties, and comply with the origin requirements specified for those goods in the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation.

Authorised Signature

Company Name

Name (Print or Type)

Title

Date (DD/MM/YY)

Contact details – Telephone, Fax and/or E-mail

APPENDIX 3

BACKGROUND ON THE SERVICES SCHEDULES

Use of the 'negative list'

ANZTEC uses a “negative list”, which allows each Party to list reservations to the market access, national treatment, local presence and MFN treatment obligations.

Each Party's negative list has two parts. The first part (Annex I) sets out existing measures (laws, regulations, decisions, procedures etc) that restrict the access of foreign service suppliers – for example, by imposing quotas that restrict market access and/or caveat national treatment. These reservations are subject to the so-called “ratchet” clause. This means that the Party with the reservation is required to automatically extend the benefit of any future unilateral liberalization of a measure listed in Annex I to the other Party.

The liberalisation becomes the new level of commitment in ANZTEC and cannot be taken away from the other Party's service suppliers – even if the measure is repealed or made more restrictive in the future.

The second part of the negative list (Annex II) lists sectors and activities that are exempted from the market access, national treatment, MFN treatment, and/or local presence obligations. The “ratchet” clause does not apply to any measure captured by one of these reservations. A negative list can include broad reservations that apply generally to all services, or it may be specific to certain service sectors or sub-sectors. As a useful reference point to determine whether the benefits of ANZTEC might be available to an exporter in a particular sector, it will be useful to classify the services which you wish to provide.



FURTHER INFORMATION

Further information about ANZTEC is available
on the **www.nzcio.com** website.

FEEDBACK

The business community and other interested parties were consulted extensively when ANZTEC was negotiated. We want to continue this dialogue as ANZTEC is implemented. You can contact the New Zealand Commerce and Industry Office through the:

Head of the Economic Affairs Section
Phone: +886 2 2720 5228
nzcio.tpe@msa.hinet.net

