

U.S. Country Commercial Guides



New Zealand Year 2020

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Doing Business in New Zealand

Market Overview

New Zealand offers U.S. companies a relatively wealthy, sophisticated market with a very transparent and open business environment, and a stable democratic system. In 2019, the World Bank ranked New Zealand first in the world in terms of doing business and for transparency. New Zealand consistently ranks high in measures of business honesty and integrity, and these features somewhat offset the small market size.

The foundation of New Zealand's economy is exporting agricultural commodities such as dairy products, meat, forest products, fruit and vegetables, and wine. Dairy is the lead export commodity. In 2019, New Zealand exports to the U.S. totaled US\$3.7 billion (or approximately 10% of New Zealand's total exports). Fluctuations in the NZ/US exchange rate can impact on New Zealand dollar export receipts. Exchange rate: 1 NZ\$ = 62 U.S. cents (as of June 2019).

The United States is New Zealand's third most important trading partner after China and Australia, with whom New Zealand has Free Trade Agreements. In 2019, New Zealand imports from the U.S. totaled US\$4.2 billion and represented approximately 10% of total imports. U.S. agricultural machinery, ICT, medical and pharmaceutical products are key items sold to New Zealand. U.S. franchise operations are popular.

Market Challenges

New Zealand's economy faces disruption as a result of the Covid-19 pandemic resulting in most businesses needing to review their operations, including their workforce needs. Many businesses have considered ways they can respond to changes effecting the demand for their services – particularly in the tourism sector.

New Zealand's geographical isolation helps protect it from introduced pests and diseases. Strict regulations are in place to protect New Zealand from biosecurity risks across a wide range of products and commodities including plant and plant products, animal products, biological products and organisms and food imports. U.S. exporters are advised to work closely with their New Zealand partners in advance of shipping to ensure their products are compliant with local import regulations and standards.

New Zealand's small population of 5 million and its distance from the U.S. means orders are often small compared with other economies. U.S. exporters are advised to monitor exchange rates and shipping rates which can be relatively high. Reshipping through Australia is an option for very small orders. Labor costs are expensive in New Zealand. The adult minimum wage in New Zealand is NZ\$18.90 (approximately US\$11.71) an hour before tax.

Market Opportunities

Known as “shovel-ready”, the Labour-led Government in 2020 has in an important election year, announced plans to fund job rich in infrastructure and development projects of different sizes and in different locations around New Zealand. The Government's infrastructure plans include new transport/roading connections in Auckland, New Zealand's largest city as well as projects to encourage cycling and walking to help ease Auckland's road congestion. The Government also announced in its May 2020 budget, plans to spend approximately US\$3 billion over the next 4-5 years on social and affordable housing projects in New Zealand's three largest urban centers of Auckland, Wellington and Christchurch. These “shovel-ready” projects will create a demand for machinery and building products.

Around 92% of all freight (by weight) is transported within New Zealand by road. Rail infrastructure projects including line and locomotive upgrade plans are now underway and when completed will help transport commodities from regional New Zealand to this country's main port cities (Auckland, Tauranga, Wellington and Lyttleton.)

New Zealand industries across the board are receptive to new and innovative technologies that reduce costs and increase productivity. Agribusiness, New Zealand’s leading business sector, is an example where mechanization and digital technologies are linked to farm production.

New Zealand’s market size is ideal for New-To-Export companies and for testing New-To-Market products.

Market Entry Strategy

Successful market entry is a combination of knowing the New Zealand market. Selecting the right business partner and providing ongoing support to the local partner is vital. New Zealand businesses value a strong working relationship with their U.S. partners. Rapport, trust and clear communication is important to bridge the geographical distance. Representatives of U.S. companies should visit New Zealand to meet prospective partners as this is common practice of competitors, many of which are just across the Tasman Sea in Australia. Although New Zealanders are very open and enjoy an excellent business reputation for honesty, performing due diligence is important and numerous resources are available for assistance.

Leading Sectors for U.S. Exports and Investment

Agriculture Equipment

This is a best prospect industry sector for New Zealand. Includes a market overview and trade data.

Overview

New Zealand is one of the largest global exporters of dairy commodities. It also exports large volumes of beef and sheep meat, wool, fruit, vegetables, and wine.

Fluctuations in global commodity prices are intrinsically linked with New Zealand’s demand for agricultural equipment.

From the United States, New Zealand’s big-ticket imports are combine-harvesters, large-horse powered tractors (100-hp and up), center-pivot irrigation systems, and agricultural implements. In 2019, the United States was the leading source of combine harvesters and after Germany, the United States is the second most important market for tractors. (Although John Deere is the leading tractor brand, new John Deere tractors are mainly manufactured and imported to New Zealand from outside the United States.)

New Zealand farmers are constantly on the lookout to improve farm production and reduce their own workload. Labor costs are a significant farm expense. Mechanization is important to help reduce costs. The New Zealand market is receptive to new technologies/mechanization to help get farm tasks done more efficiently. Innovation is key to successfully entering the market.

Appointing a local distributor is a popular arrangement used by other U.S. companies entering the New Zealand market. There are a number of nationwide organizations specializing in importing and distributing agriculture equipment.

Fieldays is an annual trade event held in Hamilton, New Zealand which attracts approximately 130,000 attendees affiliated with agribusiness. Fieldays is an important platform for manufacturers/suppliers to showcase their products to the New Zealand farming community.

	2017	2018	2019	2020 (Estimated)
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Total Local Production (Estimated)	310	305	250	250
Total Exports	227	260	234	235
Total Imports	323.0	359.8	327.3	300.0
Imports from the US	75.5	78.5	73.6	70
Total Market Size	406	404.8	343.3	315
Exchange Rates	1.44	1.41	1.45	1.56

Unit: USD Millions

Source: Trade Policy Information System (TPIS), Common Data Platform

Leading Sub-Sectors

Mechanization upgrades will continue to be a key part of the agribusiness equipment sector.

Climate change and its affects on agriculture will spur new environmental technologies. Water management is one of the key sub-sectors affected by climate change as a result of changes in average temperatures, rainfall, and climate extremes. Water is a valuable commodity and ensuring clean safe waterways nationwide is important to New Zealanders both town and country. Farmers are faced with achieving compliance with environmental regulations while maintaining profitability. This is most notable in the dairy sector.

Climate change is expected to contribute too to a change in pests and diseases and create a demand for technologies to monitor and measure insect swarms.

Opportunities

- Irrigation: Although irrigation is associated with horticultural crops, in New Zealand approximately 50% of irrigators are used to spray dairy effluence from milking sheds and years onto the land. Consumers have an increasing influence on farm practices which in turn is helping create a demand for new irrigation equipment to manage dairy waste water.
- Supply chain solutions: A growing trend by consumers is knowing where food is grown/comes from which in turn means technologies for supply chain solutions will be required.

Franchising

This is a best prospect industry sector for this country. Includes a market overview and some limited trade data as available through peer-reviewed sources.

Overview

New Zealanders' preference for self-employment builds a solid foundation for franchising by alleviating the risks associated with a start-up business. In 2017, the latest data available, research concluded that New Zealand was the

most franchised country in the world. Accurate statistics for the overall size of the market, local vs. international franchises, and related data are unavailable. Some high-level industry metrics are:

- Sector-wide turnover in New Zealand: US\$19 billion in 2017. This represents a growth rate of over 65% in 5 years, with 185 new brands introduced in that same period.
- Total number of brands operating in New Zealand (end-2017): 631, of which around 450 are of local origin.
- 125,000 people are employed in the franchise sector in New Zealand.
- Over 37,000 franchisees operate over these brands.
- Franchising contributes to about 11% of New Zealand's GDP.
- Top overseas brands represented are largely American food brands and some service franchises. Recent successful market launches include Krispy Kreme and Taco Bell.

Dominos has also enjoyed a 26% growth over the last three years. Other successful brands include KFC, Carl's Jr and Mc Donald's.

- New Zealand has a large "coffee scene" café environment.
- On average 26% of a household budget is spent in a QSR with Wellington and Auckland topping the rankings at 29% & 28%.
- Average spend at a QSR is NZD\$27 (2017 survey)
- The above excludes motor vehicle or fuel retail franchises. These add up to approx. US\$13 billion.
- Key sectors: Retail trade (non-food) 23%, other services including IT 20%, accommodation and food retail 18%, admin & support services 8%, rental hire & real estate 7%, construction 5% arts, recreation, education and training 8%.
Source: Griffith University 2017. Next survey is due Mid 2020.

Franchising continues to attract the interest of new investors for American brands which are well regarded. The reasons for strong performance are:

- Increased levels of business activity across the economy;
- Increased and sustained levels of business confidence;
- Liquid capital available for investment in franchising because of low interest rates and Strong residential property values;
- Higher profitability and sustainability of revenues attributed to the franchising sector.

New Zealand has no franchise-specific laws. The sector relies on generic business law (e.g. contract law, intellectual property law, and fair-trading/ consumer protection laws) and self-regulation. This is done through the Franchise Association of New Zealand (FANZ) – a voluntary organization that requires members to adhere to a Code of Practice and Code of Ethics. In June 2009, a government review of the franchising sector decided there was no need for the introduction of franchise-specific regulation.

The key challenge for franchisors exploring the New Zealand market is a lack of access to deep pools of capital. Most American franchisors offer potential franchisees (all other criteria being met) some flexibility in pricing, fees etc. due to this constraint. Other market entry considerations include:

- Most genetic ingredients and fresh produce are easily available in New Zealand.
- Importation of biotechnology or environmentally hazardous products will require evidence of risk management and may be difficult to import. Assistance should be requested from Bio Security New Zealand. www.mpi.govt.nz.

Leading Sub-Sectors

- Accommodation / healthy dining / quick service restaurants
- Retail Trade
- Consumer technology services & consumables supplies
- Business services
- Education/ tutoring services and content
- Home maintenance and home-based services
- Eldercare: there are approximately 750,000 people aged over 65. This is expected to grow by over 77% in the next 15 years to over 1.25 million. As a contrast, children aged under 14 is only expected to grow by 7.6%. This is putting a strain on the aged care facilities in the country with many over 65's favoring lifestyle village living.
- New Zealand has a social medical system working alongside private medical providers.

Opportunities

There are no large trade events in this sector held in New Zealand. It is advisable to discuss the market potential for a specific franchise with a member of the United States Commercial Service before engaging in formal discussions with a local partner or advisor.

Information and Communication Technology (ICT)

Overview

Information and Communications Technology (ICT) technology is intensively deployed throughout the New Zealand economy. ICT, including subsectors (telecommunications, IT hardware, IT software, IT services, Internet services and wireless technologies,), is viewed by the New Zealand Government as a key tool to increase local productivity and enhance innovation. New Zealand's ICT sector comprises around 7,500 organizations. Most multinational brands are distributed in New Zealand. Recently Microsoft announced major investment into a data hub based in New Zealand at a cost, estimate to over US\$700 million.

Internet-accessible devices such as tablets and smartphones are increasing demand by New Zealanders for Internet access and for faster Internet speeds. The New Zealand Government is improving broadband services via two significant investments: the Ultra-Fast Broadband Initiative and the Rural Broadband Initiative. The Ultra-Fast Broadband Initiative will bring fiber-optic technology to homes, schools, hospitals, and businesses. The Rural Broadband Initiative will deliver broadband Internet to rural communities at a cost and service level comparable with urban areas.

The roll out of 5G has begun in Aotearoa New Zealand and will become more widespread in the following years. This roll out has been led by Vodafone NZ with Spark NZ (Ex NZ Telecom) announcing its investment plans shortly after. The 5G roll out sees the New Zealand Government's Mobile Black Spot (MBS) infrastructure on track. The MBS investment is part of a bigger \$270m infrastructure package announced in August 2017 that should be completed by 2022. New cell towers to manage 5G are expected throughout the country.

Opportunities arise and are seized continuously in an intensely competitive, very fast-paced market. The highly innovative consumer market (commercial and personal) for ICT goods and services in New Zealand is an early and enthusiastic adopter of new systems and processes. It is an ideal testbed for a range of similar markets such as Australia, Japan, Europe, and Canada.

Approximately 148,000 people in New Zealand are employed in the ICT sector.

	2017	2018	2019	2020 (Estimated)
Total Local Production (Estimated)	1100	1300	1420	1450
Total Exports	1,020.7	1068.5	1151.1	1200
Total Imports	1,238.4	1,252.2	1,234.7	1,255
Imports from the US	65.2	67.9	60.4	67.7
Total Market Size	1317.7	1483.7	1503.6	1505
Exchange Rates	1.41	1.45	1.44	1.45

Unit: USD Millions

Source: Trade Policy Information System (TPIS), Common Data Platform

Leading Sub-Sectors

- Consumer Technology including Wearables and WiFi Connected Smart Devices
- Home Automation Products and Cloud-Based Services
- Cloud-Based Commercial Services including Streaming Content
- Data Warehousing and Related Products & Services
- Gaming and Networked Entertainment
- Augmented Reality/ Virtual Reality/ Mixed Reality

Opportunities

In April 2019, Southern Cross Cable and Spark (a New Zealand telco company) announced their joint venture to provide by 2021 a new submarine internet cable to be built between New Zealand, Australia and the United States. The new cable, called Next will be built by Alcatel Submarine Networks at a cost of US\$350 million. Southern Cross' monopoly on the U.S. route was broken in July 2017 when the US\$445 million Hawaiki Cable between New Zealand, Australia and the U.S. went live. Hawaiki Cable's entry into the market provides consumers with a direct high-speed broadband connection between the United States and New Zealand creating new opportunities for American exporters of rich digital content, as well as suppliers of supporting products and services.

Online video streaming subscription is popular in New Zealand with many consumers turning to on demand TV, away from traditional methods, Statistics include:

- 75% of users in New Zealand pay for at least one streaming service
- The market in 2020 is worth USD \$49m
- By 2024 this will be in the region of USD \$59m
- 31% of the streaming community are in the 25-34 year age bracket
- 45% of the community subscribes to Netflix
- Disney + entered the market in 2020

New Zealand Ultra-Fast Broadband (UFB) programme is one of the largest and most ambitious infrastructure projects ever undertaken in New Zealand. It will see around 87% of New Zealanders, in over 390 towns and cities, able to access fibre by the end of 2022.

Medical Equipment

This is a best prospect industry sector for New Zealand. Includes a market overview and trade data.

Overview

New Zealand's healthcare system is largely publicly funded (approximately 85% of the total budget) and is free to New Zealand citizens. The annual budget is approximately \$11.2 billion covering all items of expenditure including HR and property maintenance etc. The United States is New Zealand's largest source of healthcare products.

New Zealand's healthcare sector is receptive to new solutions that can add value to a healthcare system under constant pressure to minimize costs while delivering rising standards of excellence. New Zealanders expect accessibility to advanced equipment to manage chronic diseases (chronic diseases account for around 80% of healthcare use.)

	2017	2018	2019	2020 (Estimated)
Total Local Production (Estimated)	1000	1000	500	500
Total Exports	883.5	942.2	404.4	400
Total Imports	1,014.2	1,146.5	1,221.6	1300.0
Imports from the US	126.6	321.4	323.6	350
<u>Total Market Size</u>	1130.7	1204.3	1317.2	1400.0
Exchange Rates	1.41	1.45	1.44	1.56

Unit: USD Millions

Source: Trade Policy Information System (TPIS), Common Data Platform

Leading Sub-Sectors

- Oncology
- Obesogenic and diabetic care, including remote management and telehealth solutions
- Cardiovascular
- Mental health
- Renal

Opportunities

Telehealth and innovative technologies are a key focus for the New Zealand Government as it seeks to leverage advances in communications and data management, as well as the rise of wearables and remote diagnostics. Several research and development units have been established that share ideas and opportunities, and look to learn from partnership arrangements with American organizations and institutions.

Agricultural Sector – Food and Beverage

This is a best prospect industry sector for this country, which includes a market overview and trade data. All the material for this chapter was sourced from the Foreign Agriculture Service (FAS) online Global Agricultural Information Network (GAIN) service and the USDA’s Trade Data Monitor account.

Overview

U.S. Agricultural exports to New Zealand comprise of foods for sale to consumers through grocery retailers, ingredients for local manufacturers, and animal feed ingredients. In 2019, New Zealand imported US\$ 587 million of agricultural products from the United States, of which US\$ 382 million was consumer-orientated food and beverage products. The leading U.S. food category in 2019 was packaged food, US\$ 72 million, followed by lactose (used in food processing) at US\$ 59 million.

New Zealand’s economy is dependent on agricultural and horticultural exports. An estimated 85-90% of New Zealand’s dairy, meat, fruit and vegetable production is exported.

New Zealand’s food and beverage sector achieves annual growth through valued-added products. Food and beverage processing are the largest components of New Zealand’s manufacturing sector. Imported food ingredients are regularly used in the manufacture of value-added products. Popular ingredients include lactose (the United States is a large exporter of lactose to New Zealand where it is used in the milk power production process), other dairy products, nuts and vegetables.

New Zealand food processors hold long-standing relationships with U.S. ingredient suppliers. In 2019, New Zealand imported approximately US\$ 417 million worth of food ingredient products from the world.

New Zealand’s demand for imports of U.S. consumer-oriented foods is increasing annually. Like other countries, New Zealand consumers demand to eat foods seen as safe and natural and are discerning about the nutritional value of foods.

Despite its small size and population, New Zealand is a key market for several U.S. agricultural products. For example, New Zealand is the 10th largest market for fresh U.S. table grapes and 11th largest market for oranges. It is also the 12th largest market for U.S. dried distillers’ grains, primarily used as dairy feed. In 2017 commercial imports of U.S. turkey meat began. Consumer-oriented foods are distributed mainly through New Zealand’s two supermarket chains: Foodstuffs New Zealand which has an estimated 47 percent market share and Progressive Enterprises, a subsidiary of Woolworth Australia, which has a 32 percent share.

Trade in Agriculture and Related Products

	2016	2017	2018	2019
Total Exports	24.2	27.9	29.0	29.7
Total Imports	4.11	4.61	5.04	4.94

Imports from the US	.425	.464	.535	.587
Exchange Rates (NZD to USD)	1.44	1.41	1.45	1.44

Unit: USD Billions, Source: Trade Data Monitor

Leading Sub-Sectors

U.S. food ingredient exports (i.e., dairy, meat, fruit and vegetables, etc.) are forecast to continue to increase. U.S. food ingredient products are viewed favorably in New Zealand, but receive strong competition from Australia, Asia and the EU.

Snacks, including dried fruits, nuts, and health bars, cater to local consumer demand for good quality, healthy food options. Chips and confectionery items are equally as popular. Local consumers view U.S. snacks as high-quality and safe. Recently, New Zealand has experienced growth in U.S. craft beer demand as the local market flavors and products become saturated.

Opportunities

The Foreign Agriculture Service in Wellington identifies the following categories:

- Hops: hops for brewing craft beer are in high demand in New Zealand.
- Feed ingredients: Demand for feed ingredients such as dried distillers' grains is increasing in sectors such as the dairy sector.
- Meat: U.S. turkey meat recently gained market access to New Zealand market, and demand for U.S. pork is also increasing.
- Craft beer: The New Zealand market is looking towards the United States to provide new flavors and varieties as the local market reaches saturation.
- Fresh Fruit: The United States is the main market for many counter-seasonal fruits such as citrus, grapes, cherries, and peaches.
- Packaged Foods: New Zealand tends to follow U.S. food and beverage trends quite closely. In addition, functional beverages are becoming more popular in New Zealand.

Customs, Regulations and Standards

Trade Barriers

The U.S. pharmaceutical industry has voiced strong concerns over access to New Zealand's pharmaceutical market, in which the Government of New Zealand is the primary purchaser of pharmaceuticals in the country. Some U.S. pharmaceutical companies have even left the market or substantially scaled back operations since the Pharmaceutical Management Agency (PHARMAC) was created in 1993. PHARMAC administers the Pharmaceutical Schedule of over 2,000 medicines, which lists medicines that are entitled to subsidies from the New Zealand Government. It also manages the Exceptional Circumstance program (medical funding for people with rare conditions). In 2010, PHARMAC's role was significantly expanded to buy hospital drugs (which formerly were done by district health boards) and some medical equipment. Within the budget, which is set by the Minister of Health, PHARMAC essentially decides what medicines to fund, negotiates prices with pharmaceutical companies, and sets the subsidy levels and conditions.

Industry representatives criticize PHARMAC's lack of transparency, timeliness, and predictability in the reference pricing process and the onerous approval processes and delays in reimbursing new products. Combined, these issues create an unfavorable environment for innovative medicines. While New Zealand does not restrict the sale of approved pharmaceuticals that do not receive a pricing subsidy, most private medical insurance companies will not cover the cost of these medicines and doctors are often reluctant to prescribe them. The small market size for private purchasing of pharmaceuticals outside of PHARMAC makes it unsustainable for pharmaceutical companies to rely solely on this market. When PHARMAC declines a pharmaceutical on a sole supply tender, the company is essentially excluded from market access in that therapeutic area. (Note: Sole supply tendering occurs when PHARMAC funds a company to supply 100 percent of the New Zealand public market. The period of the sole supply tender may last for years. There is no right to view the basis for the decision or appeal the decision.) PHARMAC also uses a rigidly capped budget to fund both growth in volume of existing medicines and the purchase of new medicines. As a result, the budget relies on savings on existing medicines to fund the inclusion of new innovative medicines, which in practice severely restricts the entrance of new medicine.

Because of such concerns, PHARMAC has said that it is working to improve transparency and increase stakeholder involvement in its processes. The pharmaceutical industry has also reached out to partner with the government of New Zealand and other stakeholders in achieving better provision of quality medicines, as well as better health and economic outcomes.

The Patents Act 2013 does not contain provisions for patent term restoration. This is not in keeping with international best practices. Industry estimates say that the regulatory approval process for new drugs in New Zealand is approximately three years after the date of approval in the country of first launch. Entry into New Zealand's market is also delayed by the timeliness of the PHARMAC approval process, which is essential to make the market viable for pharmaceutical companies. As such, New Zealand will not have a mechanism to restore patent terms for pharmaceutical products to recover lost time from the regulatory approval process.

Import Tariffs

New Zealand Customs is responsible for collecting duty (if applicable) on imported goods. Duty on New Zealand imports is typically calculated as a percentage of the cost of the goods free on board (f.o.b.). In some cases, duty is calculated based on a charge on a specific unit of weight, volume, or other measurement ("specific" rate). Occasionally duty is calculated based on a combination of ad valorem and specific rates. Ad valorem duty is assessed on the f.o.b. value of the goods.

The rate of duty payable is determined by the classification of the goods in the New Zealand Tariff, which is based on the Harmonized Commodity Description and Coding System.

Most tariffs range from zero to 10%. These duty rates apply mostly to clothing, footwear, and carpeting. Most passenger vehicles and almost all computer software and hardware enter tariff-free. Alcoholic beverages (including beer, wine, and spirits), tobacco products, and some petroleum products are subject to excise duties that also apply to similar items that are produced domestically.

Import Requirements and Documentation

Documentation requirements are straightforward for the import and export of goods into New Zealand. The New Zealand Customs Service website outlines the requirements expected by the importer, or Customs House Broker acting for the importer. Import declarations must be made electronically.

The Ministry of Agriculture and Forestry (MAF) requires that exporters' declarations include a statement that any wooden or plywood packing case, crates, wooden containers, or cargo pallets destined for New Zealand have been inspected before shipment. These goods must be free from bark and visible signs of insect and fungal infestation. This declaration must accompany all bills of lading and other shipping documents.

Fruits, plants, and seeds must be accompanied by certificates from the appropriate authorities in the country of origin to the effect that the items have been examined and found to be free of disease. In the United States, the U.S. Department of Agriculture issues these certificates. The certificates should be forwarded to the consignee in New Zealand and accompany the consignment. The Ministry of Agriculture may inspect the shipment on arrival and, if signs of insect infestation are present, order the consignment to be either fumigated or denied entry.

Labeling and Marking Requirements

New Zealand prohibits the importation of all goods bearing false or deceptive trademarks. New Zealand also prohibits the entry of any foreign manufactured goods that bear the name or trademark of a New Zealand manufacturer or trader, the name of a place in New Zealand, or words that would associate the goods with New Zealand, unless the names or words are accompanied by a definite indication of the country of origin.

There is no general requirement that the country of origin be indicated on all imported goods. The country of origin must, however, be shown on footwear, clothing items, and dry-cell batteries.

Various prepared, blended, compounded, mixed, or imitation foodstuffs require compliance with detailed regulations regarding labeling. In general, food labeling requirements in the U.S. market exceed those of the New Zealand market. Paints containing lead, wool products, electrical appliances and equipment, footwear, drugs, toilet preparations, and food products must also be specially labeled. Regulations also provide that all packaged goods bear an indication of the net weight of the contents and specify how such weights are to be indicated for each commodity. All weights and measures should be quoted in metric units.

New Zealand has a labeling standard for genetically modified (GM) food. Under the standard, the label listing ingredients for food products, with certain exceptions, must include the words "genetically modified" if genetic material or protein from genetic modification is present. It is the responsibility of food businesses applying the food label, re-labeling food, or selling the food to meet this standard's requirement. This includes manufacturers, packers, importers, and sometimes retailers. Several exceptions exist for the labeling of GM food.

Except for movie film and dangerous goods, there are no regulations governing the marking of outside packing cases.

U.S. Export Controls

New Zealand participates in a variety of multilateral arrangements and agreements that control the export and re-export of strategic items, including missiles and missile components, nuclear and nuclear-related materials, chemicals and chemical equipment, biological agents and equipment, defense equipment and defense-related goods, as well as some industrial "dual use" items that could be used for military or civilian purposes. For these items, permission to export must be obtained from New Zealand Customs, which acts on the advice of the Ministry of Foreign Affairs and Trade.

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws,

regulations and policies governing the export and reexport of commodities, software, and technology (collectively “items”) falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS’s Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA’s Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. [OTE’s data portal](#) provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.*, the item’s classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers: Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322 Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347. Further information on export controls is available at: <http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS’s Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS’s licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party’s reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS’s Unverified List or Entity List, as applicable.

BIS has developed a list of “[red flags](#),” or warning signs, intended to discover possible violations of the EAR. Also, BIS has “[Know Your Customer](#)” guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars and focus on the basics of exporting as well as more advanced topics. Check a [current seminar schedule](#) for a list of upcoming seminars.

BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State’s Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The [EAR](#) is available on the BIS website and on the e-CFR ([Electronic Code of Federal Regulations](#)) website. And on the e-CFR (Electronic Code of Federal Regulations) website.

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: <http://apps.export.gov/csl-search> or <https://developer.trade.gov/consolidated-screening-list.html>

Temporary Entry

New Zealand admits samples of negligible value duty free. For example, small shipments of trade catalogs, price lists printed outside New Zealand, and advertising products produced abroad are admitted duty free. However, these items must bear the name and address of the foreign manufacturer. These items may not be designed to advertise the sale of products by any company, firm, or individual with a business established in New Zealand. Temporary, duty-free admission of advertising films is permitted.

Samples of commercial value may be imported temporarily under bond or deposit of the duty amount to which they are liable. Such samples are subject to the same customs regulations and duties in New Zealand as are ordinary commercial shipments of the commodities represented. There is no provision for the prepayment of such duties in the United States.

Prohibited and Restricted Imports

New Zealand abolished import licensing controls in the mid-1980s.

New Zealand maintains controls on the importation of a variety of goods based on criteria such as “community protection,” protecting the earth’s ozone layer, controlling toxic substances, and safeguarding consumers. New Zealand also maintains a strict quarantine regime to protect its agricultural and forestry industries from pests or disease contamination.

Among the controlled products are firearms and other weapons, explosives, controlled drugs, hazardous wastes, radioactive substances, pesticides, plants, animals, and animal and plant products. Publications, films, audio recordings, and computer disks are restricted for objectionable material. Some agricultural goods (e.g. poultry) are restricted for phytosanitary reasons. New Zealand also complies with United Nations sanctions prohibiting importation of goods from sanctioned countries.

Customs Regulations

New Zealand Customs is responsible for collecting any duty on imported goods.

Standards for Trade

Standards New Zealand, a business unit within the Ministry of Business, Innovation and Employment is New Zealand’s leading developer of standards and standard-based solutions. New Zealand Standards cover a wide variety of subjects, including design, safety, specifications, performance, and quality of products. Adoption of these standards is generally voluntary but can be made compulsory through a statutory reference. Compliance with these Standards may be an important factor in sales promotion and production certification (“S” Mark). New Zealand operates under the metric system of weights and measures. New Zealand Standards use the identifier NZS. Joint Australian and New Zealand Standards use the identifier AS/NZS.

Standards New Zealand is the New Zealand member of the International Organization for Standardization.

Trade Agreements

While New Zealand does not yet have a Free Trade Agreement with the United States, the country aims to have Free Trade Agreements (FTAs) cover 90 percent of NZ goods exports by 2030. New Zealand has successfully concluded free trade agreements with 16 WTO members including:

- Since 1983, New Zealand and Australia have traded through a Closer Economic Relationship (CER), which is a free trade agreement eliminating all tariffs between the two countries. The rules of origin under the CER do not, however, permit products to enter Australia duty free from New Zealand unless the products are of at least 50 percent New Zealand origin. Additionally, the last manufacturing process must be carried out in New Zealand.
- New Zealand concluded a Closer Economic Partnership (CEP) agreement with Singapore that entered into force on January 1, 2001.
- New Zealand concluded a concluded a CEP agreement with Thailand that entered into force on July 1, 2005.
- New Zealand concluded an FTA with China that entered into force on October 1, 2008.
- New Zealand and Malaysia signed an FTA October 26, 2009 which entered into force in January 2016.
- New Zealand concluded a CEP with Hong Kong, which entered into force on January 1, 2011.
- New Zealand concluded a FTA with Korea in 2014 and the FTA entered into force on 20 December 2015.
- New Zealand signed a FTA involving 11 countries in the Asia-Pacific region, including Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore and Vietnam called the the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP): [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\)](#)

New Zealand continues to negotiate other free trade agreements. As recently as June 2020, New Zealand announced the launch of FTA negotiations with the United Kingdom as part of a Covid-19 economic recovery strategy for both countries.

Licensing Requirements for Professional Services

Registration is required by law for professional services such as accounting, consulting, human resource, and finance.

Selling US Products and Services

Distribution & Sales Channels

Auckland, New Zealand's largest city is where the majority of company head offices are based. The Port of Tauranga is New Zealand's largest commercial port both in terms of total cargo volume, and in terms of container throughput with container volumes exceeding 950,000 TEU's (Twenty Foot Equivalent Units).

Sales agents can be employed to market a variety of products including: materials produced to customer specifications and consumer goods for mass distribution. New Zealanders prefer to buy direct from manufacturers when possible. To counter wholesale purchase preferences, sales agents often employ specially trained personnel to offer technical and sales support.

Importer-distributors are a more common channel for products requiring technical knowledge, service, repairs, or spare parts. The size of the New Zealand market usually allows one or at most two distributors per unique product/manufacturer. Many handle more than one manufacturer's products. A stocking importer or distributor is important where continuity of supply is a selling point, such as for certain industrial or consumer goods. Large New Zealand retailers also work through purchasing agents or consolidators in the United States and other countries. Numerous subsidiaries of foreign manufacturers import directly from parent companies and distribute products to round out or supplement their domestic production. Import and distribution by a New Zealand branch or subsidiary is common when the volume is substantial and the foreign parent wishes to retain control of distribution.

New Zealand's modern distribution infrastructure supports any supply-chain or inventory control strategy. A number of well-established companies with nationwide networks perform a broad range of other functions such as trading, transportation, packaging, manufacturing, and distribution at both the wholesale and retail levels. These firms are usually excellent representatives for new products seeking to penetrate the New Zealand market, although they usually import products to complement existing lines.

Parallel importing is legal in New Zealand.

eCommerce

Online shopping spending by New Zealanders is popular and increases annually. In 2018, Nielsen Research records two-thirds of the population shopped online and by 2026, over 80% of the population is expected to shop online. Travel is the lead eCommerce purchase. Other popular online purchases include women's and men's clothing, entertainment, fast food, books/eBooks and music downloads. Many of these products are purchased through the Amazon and Alibaba platforms.

Australia, China, U.K. and the United States are the leading sources for products bought online by New Zealand customers. New Zealand Post's YouShop service offers deliver addresses in China, U.K. and the United States to facilitate online trade between vendors and New Zealand customers.

Local and international online purchases attracts a 15% Goods and Services Tax (GST).

Selling Factors & Techniques

Sales calls and one-on-one discussions with potential buyers are the predominant method of selling capital intensive or service products to other businesses. Retailers most often use mass media to advertise.

Trade Financing

In New Zealand financial institutions offer secured bank credit and trade finance products (e.g., sight draft, irrevocable letters of credit, etc.). Open account purchase agreements are quite common among long-time trading partners.

The Reserve Bank of New Zealand oversees the banking system of New Zealand. Like the U.S. Federal Reserve, it formulates and implements monetary policy, monitors banks, manages currency issuance, and acts as the central bank of New Zealand. It grants banking licenses and operates the Exchange Settlement Account System (ESAS), through which banks make regular, high-value payments with each other. Additionally, the Reserve Bank provides clearing and settlement services to the financial markets for high-value debt and equities. New banks have to apply for a separate license for foreign exchange trading, but this usually poses no difficulty.

There are 24 registered banks in New Zealand. To reduce bank failures, registered banks must meet minimum standards. Overseas entities own more than 90 percent of the country's banking assets. TSB Bank Limited of New Plymouth, SBS Bank, and Kiwi Bank, a government-established bank operated are the only domestically owned banks. Additionally, finance companies, insurance companies, and building societies are engaged in capital formation and investment. The Securities Commission regulates these institutions.

Banks in New Zealand provide customary retail and commercial business including depository services, lending, and foreign exchange services. These banks maintain the usual correspondent relationships with banks around the world.

The Government of New Zealand's liberalization of the banking system has ended almost all restrictions on the number, activities, and ownership of banks operating in New Zealand. There are no limits on the number of licenses granted, and foreign-owned institutions have full equality with nationally based firms. In general, banks operate on an "at your own risk" policy for both management and depositors. Customers' deposits are not covered by any system of depositors' insurance.

Protecting Intellectual Property

Several general principles are important for effective management of intellectual property ("IP") rights in New Zealand. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in New Zealand than in the United States. Third, rights must be registered and enforced in New Zealand, under local laws. For example, your U.S. trademark and patent registrations will not protect you in New Zealand. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Granting patents is generally based on a first-to-file [or first-to-invent, depending on the country], first-in-right basis. Similarly, registering trademarks is based on a first-to-file [or first-to-use, depending on the country], first-in-right basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the New Zealand market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in New Zealand. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors.

Companies may wish to seek advice from local attorneys or IP consultants who are experts in New Zealand law.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

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Selling to the Public Sector

New Zealand has effectively removed all barriers to foreign firms' bidding and winning procurement contracts. Government procurement follows the principle of best value through competition. There is no domestic preference policy or discrimination against foreign suppliers. The New Zealand Government, however, encourages "full and fair opportunity" for New Zealand suppliers. Procurement decisions are made at the individual department or agency level.

New Zealand Government Procurement, an agency within the Ministry of Business Innovation and Employment provides information on the New Zealand Government's procurement policy. Procurement opportunities for most government agencies can be found on their websites. A comprehensive list of government procurement opportunities is available through the [Government Electronic Tenders Service](#) (GETS).

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information.

Business Travel

New Zealand business customs are like those practiced in the United States: corporate dress; business cards etc. It is a common and courteous practice to make and keep appointments in a timely manner. Senior level officials are accessible for relevant business consultations as their peers are in the United States. Gifts are not standard practice.

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: Market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights. Visit the U.S. Department of State's [Investment Climate Statement](#) website.

Political Environment

For background information on the political and economic environment of New Zealand, please read [U.S. Department of State Background Notes](#).