Media Release
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CPTPP kick-off a timely boost for horticulture

New Zealand Horticulture Export Authority CEO, Simon Hegarty says:

“Today’s announcements that the Comprehensive Progressive Trans Pacific Partnership (CPTPP) will enter into force on 30 December 2018 provides a timely and welcome boost for the New Zealand horticulture sector.

This news is warmly welcomed across the NZ horticulture export sector – particularly against the background of increased protectionist actions elsewhere. Many product sectors are preparing for upcoming export seasons so the news that CPTPP will enter into force on 30 December 2018 is excellent. It will provide for instant elimination of tariffs for many products and more rapid reductions in others in our key market of Japan.

As our 3rd largest market with a trade value of NZ$565million and tariffs amounting to almost $45m in 2018, the removal of tariffs on trade with Japan will provide an estimated benefit of NZ$37m from the start date. For those products on a multiple year phase-out to this market, a second-cut of the tariff will occur on 1 April 2019. There is much to gain for all parties from having this deal enter into force before the end of 2018. Tariffs paid by the NZ horticulture export sector across the remaining CPTPP markets are comparatively low (or already at zero) based on existing trade agreements 1.

Japan’s 6.4% tariff on kiwifruit alone amounted to an estimated cost of $34m or an average $12,790/grower, the cost to the 27 buttercup squash export growers from the 3% tariff in that market was $1.5m or an average of $58,800 per grower, and the 8.5% tariff on onion exports to Japan cost an average $7,390 to each of the 90 commercial onion growers.

Japan will have a high international profile over the next two years as it hosts the Rugby World Cup in 2019 and the Olympics in 2020. Kicking-off this CPTPP agreement on 30 December 2018 is timely.”

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1 e.g. CER with Australia, the AANZFTA with ASEAN members
2 Tariffs are charged at points of entry on a Cif (cost+insurance+freight) value basis, which is approximately 25 - 30% above the Fob value of the exported product, depending on market destination.
Facts about NZ horticulture exports

• New Zealand exports approximately 60% of its annual horticulture production, to over 120 markets, at a value of NZ$3.62 billion (in 2018). The CPTPP countries are the destination for $1.18 billion (32%) of that total. Within the CPTPP group, Japan is the destination for NZ$565$m Fob (or just under 50% of our CPTPP trade value) however, it accounts for 99% of the estimated $48.5m in tariffs NZ exporters paid in all CPTPP markets in 2018.

• Leading markets are; EU $812m, China (excluding HK) $581m Japan NZ$565 million, Australia $443m, Taiwan $240m, USA $176m, Rep of Korea $118m. These 7 markets account for just over 81% of the total export value.

• Horticulture in NZ provides over 50,000 jobs, has an estimate total crop area of 127,160ha, and a total investment of $43.5billion (source: www.FreshFacts.co.nz)

• The New Zealand Horticulture Export Authority (NZHEA) is a statutory authority established under the NZ Horticulture Export Authority Act 1987, charged with “promoting the effective export marketing of NZ horticulture products”. It has additional functions that include “liaising with organisations on trade barriers and their removal”. For more information go to website www.heca.co.nz.

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3 Year ending 30 June 2018
4 Fob = free on board FOB stands for "Free on Board". It refers to the physical location that title to the goods changes hands from the shipper to the recipient. At that point, the recipient assumes the risk of loss and takes responsibility for any shipping charges.