Horticulture sector positive over CPTPP trade deal

The wider New Zealand horticulture export sector sees substantial opportunity following the signing of an agreement on the Comprehensive Progressive Trans Pacific Partnership (CPTPP) trade deal.

New Zealand Horticulture Export Authority CEO Simon Hegarty says: “We welcome this outcome, particularly with Japan’s inclusion in the CPTPP providing for elimination of an estimated NZ$48m in annual tariffs. While the refined CPTPP now involves 11 countries resolving a range of trade issues, tariffs are a prominent trade barrier component for some key markets. Japan is our 2nd largest market so its inclusion is significant for the future growth of the New Zealand horticulture export sector. 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 (e.g. CER with Australia, the AANZFTA with ASEAN members). We are very confident that our full product range is included in this CPTPP deal which will ultimately see all tariffs to zero.”

New Zealand exports approximately 60% of its annual horticulture production, at a value of NZ$3.5 billion and the CPTPP countries are the destination for $1.22 billion (35%) of that total. Within the CPTPP group, Japan is the destination for NZ$573m 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 2017.

Japan’s 6.4% tariff on kiwifruit alone amounted to an estimated cost of $26m - $30m or an average $10,300/grower, the cost to the 30 buttercup squash export growers from the 3% tariff in that market was $1.5m or an average of $50,600 per grower, and the 8.5% tariff on onion exports to Japan cost an average $19,500 to each of the 90 commercial onion growers.

“Acknowledging and recognising the work of many over the years, securing this agreement is a major and welcome achievement. Eliminating trade distorting tariffs in our key export markets and maintaining our international competitiveness is an ongoing challenge, yet fundamental for the future - we can’t flourish without access to markets and this agreement enhances that access.”

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1 Year ending 30 June 2017
2 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.
3 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

- Total export value in 2017 (y.e. June) was NZ$3.43 billion. NZ exports to over 120 markets.

- Leading markets are; EU $700m, Japan NZ$573 million, Australia $471m, China (excluding HK) $465m, Taiwan $247m, USA $203m, Rep of Korea $112m. These 7 markets account for almost 80% 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 $43.5 billion (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.hca.co.nz.