

# Non-Tariff Barriers from a New Zealand / Regional Exporter's perspective

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# Fonterra – who are we?



We're a **co-operative** owned by **10,000 NZ farming families**, supported by **20,000 Fonterra employees** around the world.



A **world leading dairy exporter** – shaping the industry in **quality and innovation** – we're united by a fundamental belief in the power of dairy to make a difference.

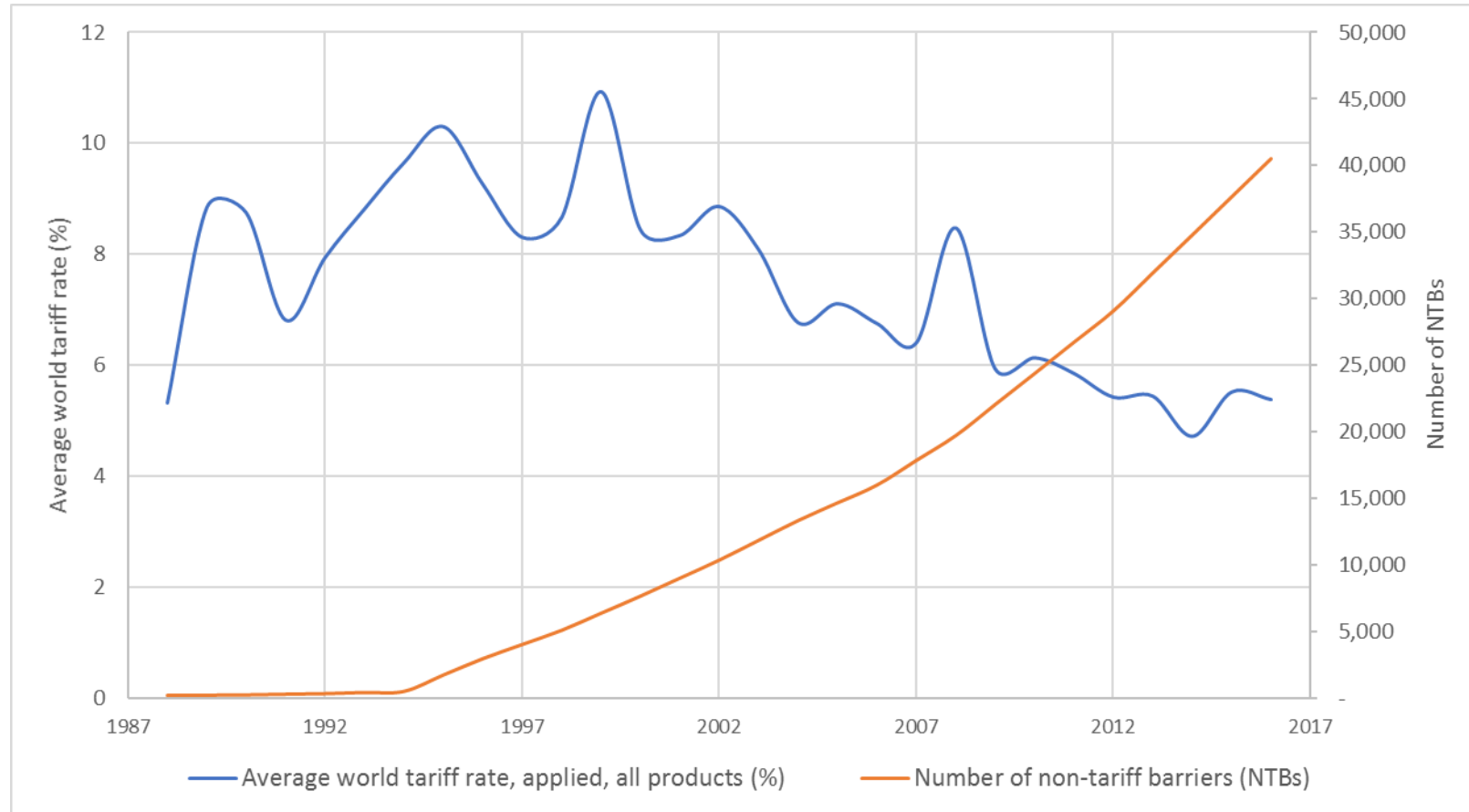


At the **forefront of NZ's global exports** for over **100 years**, we make up **25% of NZ's total goods exports**.



# Changing patterns of trade protectionism

Tariffs continue to fall while non-tariff barriers (NTBs) are on the rise



In 2016, average world tariff rate for all products is 5% compared to 15% for agricultural products

# What do NTMs cost?

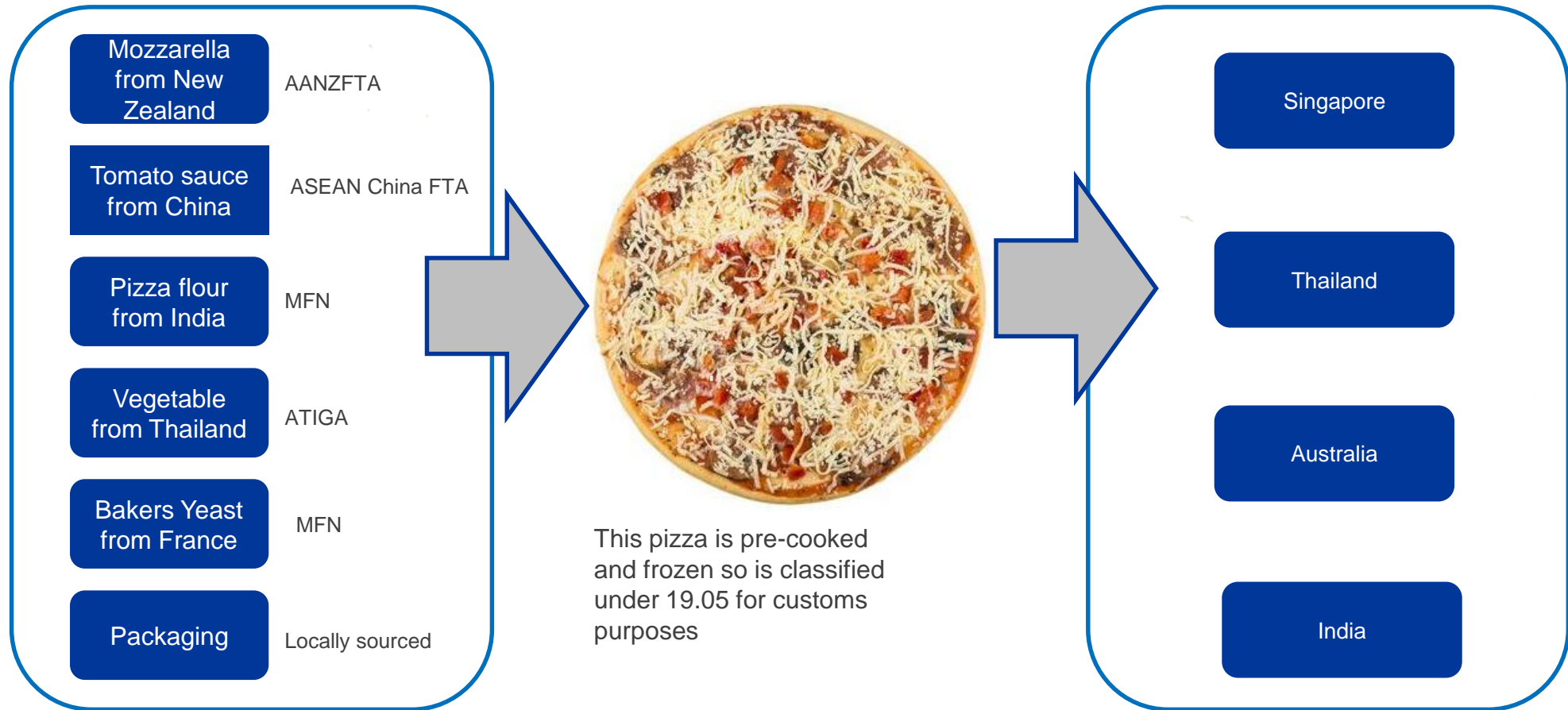
- NZIER Report 2016: Quantifying the costs of non-tariff measures in the Asia Pacific region

## Key take outs:

- Average Ad Valorem Equivalent (AVE) in APEC is 9.7%
  - AVE for dairy products is 58%
  - NZIER estimate that the cost of NTMs on NZ dairy exports at US\$2.7billion (total cost)
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- NTMs cost the APEC region US\$790 billion



# Global Value Chains: Frozen pizza



Assumption: Manufacturing processes in confer origin under RCEP

Assumption: Goods imported into RCEP members at preferential duty rate

# What can RCEP do to lead in providing solutions to NTBs?



- NTB's are really difficult to resolve and will require concerted effort to reduce / remove and the solutions must be principle-based.
- Possible solution mechanisms
  - Systems Recognition and equivalence
  - Alignment with International standards
  - Consistent enforcement of trade rules, including implementation of Preferential trade
  - Removal of registration requirements
  - Greater use of electronic and paperless certification systems
  - Simplified licensing application process
  - Increasing transparency and ease of issuing import licenses
  - Advanced customs rulings
  - Origin retained through transshipment
  - Risk based testing requirements



## Summary

- NTBs are costly and time consuming for business and have a cumulative impact through the global value chain.
- Developing solutions will requires multi country / inter-agency / regional solutions and it will be very challenging!
- Text needs to deliver real concrete disciplines / outcomes for business.
- Business can play a key role by providing information about the NTBs, and the impacts of the NTBs.



Dairy for life

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