

# THE CPTPP AGREEMENT A BIG DEAL

SPOTLIGHT ON JAPAN,  
VIET NAM AND SINGAPORE



NEW ZEALAND  
TRADE & ENTERPRISE  
Te Taurapa Tūhono

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a free trade agreement involving 11 countries in the Asia-Pacific region, including New Zealand, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, and Viet Nam. Because of its scale and modern design, it has been hailed as a landmark agreement.

This guide outlines how New Zealand businesses can benefit from the CPTPP when exporting to Japan, Viet Nam and Singapore.





# What does the CPTPP do?

## Opening markets, levelling the playing field...

The CPTPP helps to strip out costs, red tape and hassle for businesses. It opens up new opportunities for trade in goods and services and investment, even for small firms and individuals, around the CPTPP region.

As well as eliminating most tariffs within a short time frame, the Agreement will help to reduce regulatory barriers to services trade and minimise 'non-tariff barriers' that can make exporting more difficult and expensive for New Zealand businesses.

New frameworks will help to safeguard intellectual property rights, give greater certainty for e-commerce, and streamline technical requirements. Exporters should be able to compete on a more level playing field in these valuable markets. Over time, dynamic gains should help to create jobs and boost living standards in New Zealand.

## ...and helping to create a modern, business-friendly trading environment

# CPTPP seeks to create an improved environment for modern business models as well as give better access to government contracts

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## **Manufacturing**

Under the CPTPP Rules of Origin (the 'economic nationality' of products), regional cumulation is permitted, meaning New Zealand manufacturers will be able to source the best inputs from around the CPTPP region and still qualify for preferential access into other CPTPP markets.

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## **E-commerce**

The agreement gives greater certainty for e-commerce, assuring free flows of data across borders (except where good policy reasons exist for restrictions), a prohibition on tariffs on digitally-transmitted goods such as e-books, and rules facilitating the use of electronic authentication and e-signatures, online consumer protection and rules meaning lower-value e-commerce packages will not be liable for Customs duties.

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## **Intellectual property**

The CPTPP includes strong protections for patents, trademarks, copyrights and trade secrets, along with rules for the protection of intellectual property rights. This means New Zealand firms, including those in the creative economy and high-tech sector, can be more confident about the rules around export of their knowledge-intensive products and services into CPTPP markets.

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## **Government procurement**

The agreement opens up new opportunities in government procurement in these markets by making the rules more fair, transparent and predictable, especially for small businesses.

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## Better access into Asian CPTPP markets

The CPTPP improves access under existing Free Trade Agreements (FTAs) for New Zealand exports into key Asian markets, including Viet Nam. It also creates, for the first time, preferential opportunities into Japan, the world's third-largest economy.

It does this by eliminating over 92 percent of all tariffs – most of which have already been removed. This will not only improve returns from existing trade, but will also help diversify opportunities for New Zealand exporters.



## Agriculture, food and beverage, manufactured and other goods

There are great outcomes on most agriculture, food and beverage into Japan and Viet Nam, where tariffs are typically relatively high. Many tariffs have already been eliminated - including all tariffs with Singapore - or will be within eight years. A handful will take between 11-16 years. In some very limited cases, tariffs will remain. Many tariffs on industrial products and manufactured

goods have been eliminated, with only a select few still being phased out. This creates new opportunities for New Zealand exporters of wood and forest products, pharmaceuticals, medical devices, equipment and machinery, chemicals, plastics, wool, information and communications technology (ICT) products and other important New Zealand exports.

# Reducing non-tariff barriers

The CPTPP addresses non-tariff barriers to trade in goods by reducing the time exports spend waiting for goods to clear customs, lowering compliance costs, and increasing predictability around other countries' processes.

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## Import regulations

Requirements for food safety and animal and plant health must be developed in a transparent way, be science-based and be open to consultation, helping to reduce compliance costs and speed up border processing, including for perishable products.

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## Common sector specific rules

Sector-specific rules for medical devices, wine, pharmaceuticals, cosmetics, proprietary foods, organic products and ICT products should help to simplify exporting for businesses operating across multiple CPTPP markets. For example, the wines and spirits annex will help to streamline labelling requirements, while the annex on medical devices should reduce costs arising from inconsistent technical standards, improving the competitiveness of New Zealand exports.

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## Streamlined border processing

Specific measures streamline and modernise border processes, such as rules that allow exporters and importers to self-declare that they have met Rules of Origin, rather than applying for a certificate of origin issued by another body. Companies will need to keep relevant paperwork on hand for five years and follow guidelines on the data required.

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## Advanced rulings

Exporters and importers can seek 'advanced rulings' on the tariff classification, valuation and origin of goods – meaning greater predictability of tariffs, and less chance of shipments being held up.

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## Advanced Customs procedures

Customs procedures must be predictable, consistent and transparent and eventually, digital. Standard shipments should be released within 48 hours, and under normal circumstances, 'express shipment' within six hours. As a result, goods will spend less time in transit and can be delivered with shorter lead times better suited to e-commerce and just-in-time delivery supply chains.

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## Services

The CPTPP means that exporters will have greater predictability, visibility and protection when it comes to supplying services such as business and professional services, transport, distribution and other services into Japan, Viet Nam and Singapore, helping to reduce some of the barriers and risks that firms face offshore.

The rules ensure market access and fair competition for services exporters, with limited exceptions. This should also have benefits for New Zealand goods manufacturers too, who rely on many types of services, such as transport, logistics, financing or legal services, for their export activities. The rules on 'digital trade' mean New Zealand businesses at home and offshore can continue to access competitive and innovative services such as cloud computing and e-commerce.

Trade in services is often affected by restrictions around the recognition of qualifications or licensing practices. CPTPP countries have agreed to work cooperatively on enhanced recognition of professional qualifications and improved licensing arrangements (although these requirements remain in many sectors, along with commercial presence requirements that, in some cases, require suppliers to establish a local office).

The CPTPP also includes rules on business mobility - 'temporary entry' to enable business-related travel. The CPTPP rules improve access for business visitors attending meetings or establishing an investment for specified periods (typically three to six months) in Japan, Singapore and Viet Nam; improve access for independent professionals into Japan; and extend scope for intra-corporate transfers into Viet Nam; and for dependents into Japan.



# Where to find out more

One of the innovative elements in the CPTPP is a recognition that small businesses face big challenges in international trade, such as identifying opportunities in offshore markets, and understanding and complying with trade requirements. Under the Agreement, CPTPP partners have set up the following Subject Matter Expert (SME) portals which should help New Zealand businesses to find the information they need to:

**[www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/cptpp/supporting-smes/](http://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/cptpp/supporting-smes/)**

**Japan: [www.mofa.go.jp/ecm/ep/page23e\\_000533.html](http://www.mofa.go.jp/ecm/ep/page23e_000533.html)**

**Singapore: [www.mti.gov.sg/Improving-Trade/Free-Trade-Agreements/CPTPP](http://www.mti.gov.sg/Improving-Trade/Free-Trade-Agreements/CPTPP)**

**Viet Nam: <http://cptpp.moit.gov.vn/>**  
(in Vietnamese only)

The New Zealand Ministry of Foreign Affairs and Trade (MFAT) has developed a user-friendly 'Tariff Finder' tool, including tariffs, rules of origin, documentation and other requirements useful for exporters:

**[www.tariff-finder.govt.nz](http://www.tariff-finder.govt.nz)**

A similar tool for services is under development.

New Zealand businesses can find help on issues with their exports at **[www.tradebarriers.govt.nz](http://www.tradebarriers.govt.nz)**. The Trade Barriers service is a joint initiative across multiple New Zealand government agencies, including MFAT, NZTE, MPI, MBIE and Customs.

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For further enquiries, please contact:

**[exports@mfat.net](mailto:exports@mfat.net)**

All emails sent to this address are automatically logged by MFAT's response system and assigned to the relevant division.

**0800 824 605**

This helpline for exporters accepts calls from within New Zealand between 9am and 5pm.

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**PLEASE NOTE:**

Exports of goods from New Zealand to Singapore are already duty-free thanks to earlier trade agreements and the recently upgraded New Zealand-Singapore Closer Economic Partnership Agreement.

Most tariffs were already reduced under AANZFTA for Viet Nam, however there are a few products that may benefit from CPTPP such as wine and sausages.

New Zealand companies should refer to both AANZFTA and CPTPP agreements and consult the MFAT tariff finder ([www.tariff-finder.govt.nz](http://www.tariff-finder.govt.nz)) to determine the best tariff rate for them.

## New market access opportunities:

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### BEEF, OFFALS, HIDES AND SKINS

#### Japan

- Japan is an extremely important beef market. The 38.5% tariff on beef will be cut to 9% by 2033 (April 2020: 25.8%), helping to level the playing field.
- Tariff elimination on bovine offals by 2030 (already cut by 50% – for example, for tongues, tariffs have been cut from 12.8% to just over 5% in 2020).
- Japanese tariffs on hides and skins will be eliminated by 2027.

#### Viet Nam

- Elimination of up to 34% tariffs on sausages and other processed meats by 2027.



### DAIRY PRODUCTS

#### Japan

- Elimination of tariffs on almost all cheeses by 2033.
- Elimination from the outset of 5.4% tariffs on caseinates, albumins and other proteins.
- Tariff quota access for whey products, processed cheese, cream cheese, butter, milk powders.
- Reduction in ice-cream tariff from 21% to between 7% and 10% by 2023.
- Elimination of in-quota tariff on prepared edible fat by 2038.

#### Viet Nam

- Viet Nam will eliminate most remaining dairy tariffs by 2022.



### SHEEP MEAT

#### Japan

- Japan is an important sheep meat market; tariff has been eliminated.

#### Viet Nam

- Vietnamese tariffs have been cut substantially and will be eliminated by 2021.



### FRUIT AND VEGETABLES

#### Japan

- Elimination from the outset of tariffs on kiwifruit (6.4%), squash, avocados, capsicum, asparagus (all 3%), blackcurrants (9.6%), peas (8.5%).
- Halving of tariff on cherries and elimination by 2023.
- Elimination of 8.5% tariff on onions by 2023.
- Tariff on apples eliminated by 2028; already cut from 17% to 10.2% in 2020.

#### Viet Nam

- Tariff on apples cut from 10% to duty-free by 2020.



### FISH AND SEAFOOD

#### Japan

- Elimination of tariffs on more than half of New Zealand's fish and seafood exports (including mussels) immediately; elimination on 95% of exports by 2023, and the remainder by 2033.

#### Viet Nam

- Elimination of remaining tariffs on fish and seafood by 2021.

# New market access opportunities continued:

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## WINE

### Japan

- Elimination of tariffs on wine by 2025, cut by one-third already.

### Viet Nam

- Elimination of up to 59% tariffs on wine, beer and spirits by 2029, with a cut in wine to 36% in 2020 and beer to 33% in 2020.
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## HONEY

### Japan

- Elimination of 25.5% tariff on natural honey by 2025, with a cut to 15.9% in 2020.
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## PROCESSED AND PREPARED FOODS

### Japan

- Tariffs on processed food and ingredients such as sauces, soups and prepared meals eliminated from the outset in many cases; tariff on tomato sauce will be eliminated by 2028 in Japan, down from 21.3%.

### Viet Nam

- 35% tariff on tomato sauce eliminated by 2022; tariffs on other sauces eliminated from 2022.
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## MANUFACTURED AND INDUSTRIAL GOODS

### Japan

- Elimination of all tariffs on manufactured and industrial goods (e.g. machinery, equipment, forest products, manufactured items).
- Elimination of tariffs on wood and forest products (e.g. logs, planks, fuel wood, veneer, fibreboard, wood pulp, paper, paperboard) by 2032.

### Viet Nam

- Elimination of up to 15% tariffs on steel by 2028; elimination of tariffs of up to 27% on paper and paperboard products by 2021.
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## SERVICES

### Japan

- New Zealand providers will have guaranteed access for adult education and other education services.
- New Zealand accountants, lawyers and accounting and legal firms will have greater clarity around access opportunities.
- Guaranteed access for management consultants, environmental services suppliers, computer and related services suppliers, tourism and travel-related services and ground handling services.

### Viet Nam

- Improvements to existing market access in certain business and environmental services, including for midwives, nurses, physiotherapists and para-medical personnel; interdisciplinary research and development services providers and nature and landscape protection service suppliers.
  - Access guaranteed for suppliers of education services in the technical, natural sciences and technology, business administration and business studies, economics, accounting, international law and language training fields.
  - New Zealand service suppliers can establish legal services, management consultant services, construction and related engineering services and computer services branches.
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Disclaimer: This document is for information purposes only, and does not constitute legal advice, nor should it be used as a basis for commercial decisions. It is intended to outline key outcomes in the CPTPP that may be relevant for business in some markets, and is not intended to be a comprehensive survey of the Agreement. Every effort has been made to ensure accuracy but the legal text of the Agreement remains the authority.

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