



Customs and Rules of Origin in the UK-New Zealand Free Trade Agreement

▶ The UK-New Zealand Free Trade Agreement will make trading easier. The deal will ensure that customs procedures are efficient, consistent, and transparent. Modern flexible and facilitative rules will make it easier for UK businesses, especially SMEs, to make use of preferential access.

Customs

Complex customs procedures and paperwork requirements discourage business from taking advantage of international trade and have a disproportionate impact on smaller companies. Under this deal, business will benefit from transparent and efficient customs processes, making exporting more appealing and straightforward for British businesses.

Rapid and efficient clearance

This agreement requires goods to be released within clear timeframes, giving businesses the certainty they need to ship products to and from New Zealand. The UK and New Zealand customs authorities will release goods as soon as possible following arrival, or as a maximum within 48 hours, providing all requirements have been met. By setting an upper limit for the time it takes to release goods from customs, UK traders will have greater certainty around when they can expect their goods to be released by New Zealand customs authorities.

Some products such as perishable goods and expedited shipments (e.g. fast-tracked parcels) will be released within 6 hours of arrival, providing all requirements have been met. This will ensure that such goods are prioritised for clearance, reducing the risk of perishable goods being spoiled awaiting customs clearance, and ensuring delivery times can be met.

Fast decisions from customs on advance rulings

We have agreed with New Zealand that advance rulings on tariff classification and origin should be issued to traders within 90 days of the trader submitting the request to customs, so long as all necessary information has been provided. This provides certainty for traders about how their good will be handled and means businesses can make informed business decisions and benefit from fewer delays at the border.

Empowering Small and Medium-Sized Enterprises (SMEs)

The deal addresses a wide range of trade barriers for SMEs, of which customs is an important part. SMEs will be able to easily access the information they need to trade with New Zealand without having to consult external trade experts. The trade deal will ensure practical information for importing and exporting is easy to find online. Businesses will be able to access information covering topics such as transit procedures, the documentation they need to complete, and operation hours for customs offices at ports and border crossings procedures. This will unlock opportunities for SMEs to export products to New Zealand.

No need for customs brokers

We have agreed that traders will not be required to use customs brokers to import or export goods. Traders can still choose to employ the services of a customs broker, but this commitment gives them flexibility in approach. This may speed up trading procedures and empower businesses to trade on their own terms.

Simplifying customs processes

Simplifying and streamlining customs processes makes it more straightforward for businesses to ship their products overseas. The UK and New Zealand have agreed to adopt measures that further simplify customs procedures, such as reducing data requirements for traders meeting the certain criteria. This will encourage more companies, including SMEs, to take advantage of this trade deal and grow their business through exports.

Both countries have also committed to implementing a fully digital Single Trade Window system that will allow traders to submit all documentation or data needed for imports and exports through a single online portal. This will reduce the administrative burden on businesses, minimise costs, and make it easier for businesses to trade with New Zealand.

Rules of origin

Rules of origin stipulate how much of a product must originate in the UK to qualify for the lower tariffs agreed in this FTA when exported to New Zealand and vice versa. They help ensure that only goods genuinely made in countries party to the agreement will qualify for the FTA's preferential tariffs. To qualify for the reduced tariff rates agreed in this FTA, an exporter generally must demonstrate that their product was either wholly obtained, or substantially transformed through processing, in either the UK or New Zealand.

The FTA's modern, flexible and facilitative rules reflect modern production processes and global value chains. They minimise red tape for businesses ensuring administrative processes are clear, straightforward and low cost.

Modern and flexible rules of origin

Businesses will benefit from modern, straightforward and low-cost administrative processes when exporting goods that qualify for lower tariffs under the streamlined rules we have agreed. These flexible and facilitative rules should minimise costs and encourage uptake of preferential access by UK business, especially SMEs.

Businesses will not have to meet burdensome rules on 'insufficient transformation requirements'. The rules we have committed to mean that as long as firms meet the

product specific rules, they will qualify for the reduced tariff. Removing these burdensome rules ensures that UK firms specialising in high-value approaches to simple processes, such as painting, can benefit from the deal.

UK businesses will be able to make use of inward processing relief for imported materials, without losing access to preferential tariffs when exporting the finished goods to New Zealand. This can allow for the duty-free import of materials used in the production of an export.

Supporting UK supply chains

The rules of origin have been designed to facilitate the UK and New Zealand's existing and future supply chains. The rules will provide UK businesses with improved market access without most businesses needing to significantly alter their supply chains to qualify for zero tariffs.

Rules that safeguard food producers

The rules of origin have been designed to support the UK food and drink sector and recognise domestic sensitivities by ensuring that only British and New Zealand agricultural goods can benefit from this agreement.

The agreement does not include requirements for many ingredients to be 'wholly obtained' when used in processed foods. Moreover, the agreement does not include Regional Value Content rules (which requires that a product contains a certain percentage of originating content) for agricultural goods. Instead, a change of tariff classification rule, tailored to each product, has been agreed for these goods.

These rules will guard against unfair competition whilst also making exporting products, such as confectionery, to New Zealand easier. For example, UK biscuit producers will qualify for new zero tariffs even if they use imported wheat and sugar. The tailored rules will allow businesses to be more competitive and flexible in sourcing the best ingredients for their products.

