

Trade Remedies under the New Zealand-Thailand Closer Economic Partnership Agreement

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Summary

Under the New Zealand–Thailand Closer Economic Partnership Agreement (CEP), which took effect on 1 July 2005, both parties will retain their existing WTO rights and obligations on anti-dumping and countervailing duties procedures and the use of global safeguard measures (although there is discretion to exclude partner country trade from any global safeguard action). Chapter 5 of the CEP covers trade remedies.

Bilateral transitional safeguards will also be available during the tariff phase out period. These will allow either country to address situations of serious injury to domestic industries caused by increased imports due to tariff reduction or elimination under the CEP.

Anti-Dumping and Countervailing Action

New Zealand has retained, without compromise, the ability to take WTO-consistent trade remedy actions against unfairly traded imports which are dumped or subsidised and injure New Zealand producers.

Anti-dumping and countervailing (anti-subsidy) investigations and duties must continue to comply with World Trade Organisation (WTO) rules under the Anti-Dumping Agreement and the Agreement on Subsidies and Countervailing Measures.

Global Safeguards

Global safeguards remedy serious injury caused or threatened to New Zealand industries by sudden and unforeseen increases in imports. Global safeguard investigations and measures must continue to be consistent with the WTO Safeguards Agreement and may be taken by New Zealand against imports from all countries, except Australia and Singapore. The CEP provides that a global safeguard measure may exclude imports originating from Thailand “if such imports are not a cause of serious injury or threat thereof”.

Bilateral Transitional Safeguards

The transitional safeguard mechanism provides a safety net for local producers. If the reduction or elimination of a tariff under the CEP results in increased imports originating from Thailand of such an extent as to cause or threaten serious injury to a New Zealand industry, the tariff may be reinstated temporarily to a previous level. The temporary reinstatement of a tariff would allow an industry time to adjust to the new competitive situation.

The Tariff (New Zealand-Thailand Closer Economic Partnership) Act 2005 came into force on 1 July 2005. Part 2 of the Act contains provisions under the Tariff Act 1988 so that bilateral transitional safeguard measures can be applied if tariff reduction or removal under the CEP Agreement is causing or threatening to cause serious injury to New Zealand industries.

A New Zealand industry, which considers that it is suffering or being threatened with serious injury by increased imports from Thailand may apply to the Trade Remedies Group of the Ministry of Economic Development with evidence justifying the need for a safeguard investigation. The Ministry is responsible for carrying out any transitional safeguard investigation and reports to the Minister of Commerce.

The Minister of Commerce may apply a transitional safeguard measure against imports from Thailand if this is warranted following an investigation. A transitional safeguard measure would involve reverting to higher tariffs for an initial period of up to two years, extendable to three years, and would allow time for an industry to adjust.

Bilateral safeguards are transitional in nature. They must terminate within two years following the elimination of the tariff on the product concerned, and no new safeguard measure may be applied to that product after that date.

Bilateral transitional safeguards are different from WTO safeguards, because they are targeted at the serious injury which has been caused or threatened by an increase in imports arising from tariff elimination or reduction under the CEP.

Bilateral transitional safeguard provisions provide an additional safety net for any New Zealand industries that might be seriously affected by tariff reductions under the CEP. These provisions are reciprocal. New Zealand ensured in the negotiations that reasonable disciplines are placed on both countries' use of bilateral safeguard provisions in order not to undermine the overall benefits of the CEP.