

Issues and Requests Relating to Foreign Trade and Investment - New Zealand

Category	No	Issue	Issue Details	Requests	References
9 Restrictive Export/Import Trade, Duty, and Customs Clearance	(1)	Excessive Control upon Timber Processing Industries	- While raw wood itself has gotten stronger in competitive edge, by high labour cost relative to developing countries, environmental control on timber processing factories (TPFs), regulatory standard control, stricter safety control, concentration of R&D into raw wood material itself instead of processed products, etc., processed products (processing factories) have rapidly lost competitive strength. It goes nowhere but down only. (It makes more profit to sell the raw wood itself, without processing.)	- It appears Government of New Zealand (GNZ) could be better off by shifting its gear toward export expansion, as it were shooting three birds with a single stone:- (boosted sales, improved profit rates, and mushrooming creation of employment).	
12 Exchange Controls	(1)	Exchange Instability/NZ\$ Appreciation	- Export sales and revenue is largely affected by fluctuations in the foreign exchange. Recently, NZD has maintained strength more than ever before against USD, including also Japanese Yen. - A large margin of foreign exchange fluctuations makes sales and profit control difficult. - <u>Radical exchange fluctuations prevail. As it stands, member firm's subsidiary (MFS) benefits from exchange gain on a direct export transaction in yen. Nevertheless, negotiation for raise in price is difficult. In a transaction between related parties, the prevailing Yen depreciation enables MFS to offer special prices to its customers. However, MFS runs on a thin margin, so that if the exchange rate swings toward appreciation of Yen, it will instantly show operational loss: such is the severity of the fluctuation band.</u>	- Stability in foreign exchange is more desirable to enterprises. - It is requested that GOP takes step to: -- <u>stabilise foreign exchange fluctuations, and</u> -- <u>holds the fluctuation band within a few percents in 6-months.</u>	Finance Related Legislation
17 Implementation of Intellectual Property Rights ("IPRs")	(1)	Lack of Transparency in Patent Application	- The Patent Act of NZ lacks openness and transparency when filing patent application so that it is risky to introduce a production process for fabricating products for market distribution in New Zealand.	- It is desirable for GNZ to harmonise its patents act in line with the international prevailing circumstances. (The amendment expected in 2014 did not take place.)	Patents Act 1953
	(2)	<u>Anxiety over IPRs Infringement and Increased Counterfeiting Goods from Introduction of TPPL</u>	- <u>Anxiety over introduction of tobacco standardised packaging legislation (TPPL) on tobacco products and the anxiety on IPRs infringements and increase in counterfeits. GNZ contemplates introduction of legislation substantially the same as TPPL introduced in Australia. If it is introduced, the identification capabilities (between the products), being the essential faculty of trademarks will get material damage, resulting in the loss of "brand value", and consequently damaging the sound market competitions. Substantive concerns include, without limitation, purchasers' unwittingly purchasing unintended products from the</u>	- <u>As described in the left column, TPPL infringes upon intellectual property right of business operators, consequently hinders the industrial development through sound market competitions. On the other hand, prevention of juvenile smoking is deemed possible through alternative measures, such as education, and</u>	- <u>Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill</u>

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				<p><u>difficulty of making distinction, purchasers' move to lower priced products, and finally, closing the door for new entry into the market. In addition, simpler packages facilitate counterfeiting activities, resulting in the growing counterfeits in the market.</u></p> <p><u>(Remarks:)</u></p> <p><u>Regulations for standardised packaging are measures to standardise individual package of tobacco products in form, colour, etc. Specifically, regulations compel printing of warning mark (in space, 75% in front and 90% at the back) on the standardized individual tobacco product package in form, colour, etc., substantially restricting the available space on the package, while prohibiting use of pictographic logo trademark, and allowing character trade mark only in the specified fonts, and printed only at the specified location.</u></p> <p><u>[Reference:]</u></p> <p>http://www.legislation.govt.nz/bill/government/2013/0186/latest/096be8ed80eb87fa.pdf</p>	<p><u>tightened penalties, etc. It is therefore requested that GNZ implements the Regulation based on the principle of proportionate general rules.</u></p> <p><u>It is requested that GOJ, with the full understanding of the issues of the left column, will take positive measures.</u></p>	<p><u>- Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill</u></p>
26	Others	(1)	<p><u>The Risk from Over- Dependence upon PRC Economy</u></p>	<p><u>- New Zealand's dependence upon PRC's economy is extremely high, where the fears from risk cannot be wiped out round the clock.</u></p>		