

**AGREEMENT BETWEEN NEW ZEALAND AND SINGAPORE
ON A CLOSER ECONOMIC PARTNERSHIP**

Questions and Replies

This document reproduces the questions addressed to the Parties and the responses submitted. The questions and replies set out below are organized in accordance with document WT/REG127/3 for the goods aspects of the Agreement, and WT/REG127/4 for the services aspects of the Agreement.

GOODS ASPECTS

II. TRADE PROVISIONS

3. Rules of Origin

1. What processes or operations does the Agreement between New Zealand and Singapore on a Closer Economic Partnership (ANZSCEP) define as 'minimal' for the final stage of processing?

Certain minimal operations or processes are not considered as a last process of manufacture for the purpose of determining the origin of a good. These include:

1. pressing,
2. labelling,
3. ticketing,
4. packaging, and
5. preparation for sale

Subject to certain conditions, quality control checking and testing procedures is an acceptable 'last process of manufacture' under the ANZSCEP. However, recognition of quality control checking and testing procedures as a 'last process of manufacture' does not extend to any textile or textile articles, clothing, headwear or footwear.

For more detailed information relating to Rules of Origin, including the 'last process of manufacture' please refer to the explanatory notes found in Annex 1 of the ANZSCEP.

6. Antidumping and Countervailing Measures

2. Would a separate investigation for the ANZSCEP partner as opposed to other trading partners be carried out in an antidumping case which involves imports from a number of countries?

Article 9(c) of the ANZSCEP stipulates that "the maximum volume of dumped imports from the exporting Party which shall normally be regarded as negligible under Article 5.8 of the WTO

Anti-dumping Agreement is increased from 3 per cent to 5 per cent of imports of the like product in the importing Party. Existing cumulation provisions under Article 5.8 continue to apply..."

If either country takes an anti-dumping case against the other country and it only involves goods from that country then the enhanced negligible volume provisions will apply.

When cases involve imports from a number of countries, then use of the enhanced provision will depend on whether imports from the countries involved are negligible or not.

If a case involves negligible imports from a number of countries, then the normal cumulation provision in Article 5.8 of the WTO AD Agreement will apply, even to the CEP partner. If the enhanced provision was applied in such circumstances, it would prejudice the rights of other WTO Members when considering if imports from Members with volumes lower than 3 percent collectively accounted for more than 7 percent of imports of the like product in the importing Member. In such circumstances, a separate investigation for the CEP partner as opposed to the other trading partners would not be carried out.

However, if a case involves non-negligible imports from a number of countries, then imports from each country would be separately assessed for dumping. In such a situation, the enhanced provision would apply to the CEP partner.

All other enhanced provisions of the CEP for anti-dumping will continue to apply to the CEP partner regardless of whether there are imports from a number of different countries, e.g. the raised de minimis margin of 5%.

SERVICES ASPECTS

I. BACKGROUND INFORMATION ON THE AGREEMENT

3. Scope

3. Given the positive-list approach used in the services portion of this Agreement, how comprehensive do the parties envision that their commitments will be by January 2010 (the deadline specified in Article 20)?

(a) What sectors are currently covered by the Agreement?

The following sectors are covered to some extent by either one or both Parties. The sectors are largely based on the classification and ordering of the GATT document MTN.GNS/W/120:

1. Professional services
2. Computer and related services
3. Research and development services
4. Real estate services
5. Rental/leasing services without operators
6. Other business services
7. Courier services
8. Telecommunication services
9. Audio-visual services

10. Construction and related engineering services
11. Distribution services
12. Education services
13. Environmental services
14. Financial services
15. Health related and social services
16. Tourism and travel related services
17. Recreational, cultural and sporting services
18. Transport services

(NB: The entire Agreement, including Annex 2, is available from the Singapore Ministry of Trade and Industry website at http://www.mti.gov.sg/public/FTA/frm_FTA_Default.asp?sid=32)

(b) What sectors will likely be covered by the Agreement by January 2010?

While we do not want to pre-judge the outcome of the successive reviews from now till January 2010, both parties are confident that the already substantive sectoral coverage of the Agreement between New Zealand and Singapore on a Closer Economic Partnership (ANZSCEP) will be increased even further by that time.

(c) What service sectors will likely remain outside the scope of the Agreement in January 2010? Please explain why these sectors may be excluded.

In accordance with the framework text of the services chapter of the ANZSCEP, the services chapter will apply to measures affecting trade in services. "Services" is defined to include any service in any sector except services supplied in the exercise of governmental authority. Please refer to Articles 15(1), 16(p) and 16 (q) for these definitions. Therefore services supplied in the exercise of governmental authority will remain outside the scope of the ANZSCEP.

4. Based on the responses to question 3, explain whether the Agreement has substantial sectoral coverage.

Both parties are confident that the ANZSCEP has substantial sectoral coverage, as is particularly evidenced by the reply to Question 1(a) above. The commitments in the ANZSCEP are GATS-plus – both parties committed more sectors in the ANZSCEP than in the GATS. In addition, there is no *a priori* exclusion of any sector.

II. PROVISIONS AFFECTING TRADE IN SERVICES

1. Provisions of the Agreement relating to the elimination of Article XVII inconsistent measures

5. Please identify all provisions in the Agreement that provide for the absence or elimination of discrimination, in the sense of Article XVII, between or among the parties, in each of the sectors identified in response to Question 1. If any of these provisions are not effective upon entry into force of the Agreement, identify the date on which each will become effective, and explain whether this time-frame is reasonable.

Article 18 of the ANZSCEP incorporates the obligations of Article XVII. These obligations apply to the sectors set out in each Party's schedule of commitments, subject to any conditions and qualifications set out therein. Article 18, and the commitments undertaken by both Parties in accordance with it, are immediately effective upon entry into force of the ANZSCEP.

6. Please identify all provisions in the Agreement that allow for discrimination, in the sense of Article XVII, between or among the parties, in each of the sectors identified in response to Question 1. Provide an estimate of the volume of trade affected. What plans do the parties have to eliminate this discrimination?

There are no articles in the ANZSCEP that allow for discrimination in the sense of Article XVII, between or among the Parties. Pursuant to Article 18, which incorporates Article XVII, each Party undertakes obligations which apply to the sectors set out in its schedule of commitments, subject to any conditions and qualifications set out therein.

Neither party currently has estimates of the volume of trade affected by the conditions and qualifications set out in their schedules of commitments.

As part of the reviews of the services chapter provided for in Article 20, both Parties have agreed to review their schedules of commitments and to progressively expand these initial commitments. This review of scheduled commitments will include existing exceptions to Article 18.

1.1 Treatment of Services and Services Suppliers from Third Countries

7. Please identify all sectors or subsectors within which the Agreement, in respect of any Member outside the Agreement, raises the level of barriers to trade in services compared to the level applicable prior to such an Agreement, and explain how the overall level of barriers within the respective sectors or subsectors has not been raised.

There are no such sectors or subsectors within which the ANZSCEP, in respect of any Member outside the Agreement, raises the level of barriers to trade in services compared to the level applicable prior to such an Agreement.

8. Please explain the requirements by which a service supplier of another Member that is a juridical person constituted under the laws of a party to the Agreement is entitled to treatment granted under the Agreement, if that service supplier engages in substantive business operations in the territory of the parties to the Agreement.

In accordance with Article 25 of the ANZSCEP, the requirement for a service supplier of a non-Party that is a legal person constituted under the laws of a Party to enjoy the benefits of the ANZSCEP is that such a service supplier must engage in substantive business operations in the territory of one or both Parties. For example, a UK bank constituted as a juridical person in New Zealand, and with substantial business operations in either New Zealand or Singapore or both, would be entitled to benefit from the ANZSCEP.

3. Standards / Recognition

9. How will the parties ensure that mutual recognition agreements will not result in de facto restrictions on professionals from other countries?

Any mutual recognition agreements concluded between the Parties will not affect the conditions and requirements applicable to professionals from other countries who are not party to the Agreement. Such conditions and requirements will continue to apply to these other professionals independently of any mutual recognition agreements.

Moreover, both Parties are Members of the WTO and are hence bound by the obligations in Article VII of the GATS. This includes the obligation in Article VII.2 to afford adequate opportunity to other interested Members to negotiate their accession to any agreement or arrangement of the type

referred to in Article VII.1. So while there is no specific article in the ANZSCEP which makes such provision, both Parties are bound to afford adequate opportunity for negotiation as provided in Article VII.2.
