TRANS-PACIFIC partnership

TPP TOP 10

FACT SHEET

1

TPP will give New Zealand exporters greater access to key markets. The 12 TPP countries account for 36% of the global economy and more than 40% of New Zealand's exports. TPP will be New Zealand's first free trade agreement (FTA) with the United States, Japan, Canada, Mexico and Peru. The United States is the world's largest country by GDP; Japan is the third largest. It's estimated that TPP will add at least NZ$2.7 billion to New Zealand's GDP each year by 2030.

2

Tariffs will be eliminated on 95% of New Zealand's trade with these five new FTA partners. This means total tariff savings of around NZ$274 million a year – with about half of this realised as soon as TPP enters into force.

But the real economic benefit comes from businesses using lower tariffs to explore new opportunities, increase exports, and improve market position. Participating in TPP will ensure that New Zealand exporters are not disadvantaged against overseas competitors.

3

Tariff savings are only the first part of the story. TPP will also make it easier for New Zealand businesses to export to TPP countries, for example streamlining the processes to get goods across TPP borders. It will be easier to learn about and satisfy regulations in other TPP markets, and there will be greater opportunities to bid for government procurement contracts. TPP will also give more confidence and certainty to New Zealand firms investing in the TPP region.

4

TPP will create new opportunities for growing the NZ$8 billion of New Zealand's services exported to the region each year, helping New Zealand businesses operate on a level playing field in TPP markets. New Zealand services exports to TPP countries will benefit from legal protections that guarantee market access and non-discriminatory treatment.

5

TPP has some costs for New Zealand, the most significant of which are:

Extending the copyright term from life plus 50 to 70 years will have an average economic cost of NZ$55 million a year over the long term.

Eliminating tariffs on imports from TPP countries will cost up to NZ$20 million in government revenue. (But this will also mean cheaper imports for New Zealanders.)

6

Like New Zealand's FTAs with China, Korea and the ASEAN countries, TPP includes an investor state dispute settlement (ISDS) mechanism. ISDS only applies to the investment-related aspects of TPP. Under TPP's investment rules, the Government's ability to regulate for legitimate public policy purposes is protected. TPP has the same types of safeguards in this area as New Zealand's existing FTAs. An extra protection in TPP specifically allows the Government to rule out ISDS challenges over tobacco control measures.

7

Nothing in TPP will prevent the Crown from meeting its obligations to Maori. TPP includes a specific provision preserving the pre-eminence of the Treaty of Waitangi in New Zealand. The provision specifically refers to the Treaty of Waitangi, and applies to the entire Agreement. This provision has been included in all of New Zealand's free trade agreements since 2001.

8

The Government has made a commitment that consumers will not pay more for medicines. TPP will not change the PHARMAC model. PHARMAC maintains its ability to prioritise spending and negotiate the best price for medicines. As a result of TPP, PHARMAC will make some administrative changes including, for example, introducing a review mechanism. These will mean up to NZ$4.5 million in one-off establishment costs and up to NZ$2.2 million a year in operating costs.

9

TPP would require New Zealand to provide extensions to the patent term for pharmaceuticals for unreasonable delays in regulatory approval. This will have very minimal impact on New Zealand because New Zealand practices are already very efficient. Allowing for exceptional circumstances where extensions may be granted, the costs are estimated at NZ$1 million a year (averaged over many years).

10

TPP will be open to new members, which will increase economic opportunities for New Zealand. Being involved from the outset means New Zealand can shape trade liberalisation in our region. Staying outside TPP would cost New Zealand. Our exporters would be less competitive in TPP countries with which we did not have an FTA, for example paying higher tariffs and facing other barriers.

Want to know more?

Check out **www.tpp.mfat.govt.nz** for more information about TPP and what it means for New Zealand. This website includes:

- The full text of TPP
- Factsheets on key areas for New Zealand
- The National Interest Analysis, which assesses what TPP would mean for New Zealand across all areas of the Agreement.
- Economic modelling and other reference documents

Exporters can look up tariffs under TPP and compare them to other free trade agreements at **tariff-finder.fta.govt.nz**

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