# Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) media fact sheet

* The CPTPP was signed in March by 11 Asia-Pacific countries: New Zealand, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, and Viet Nam.
* Six of these – New Zealand, Australia, Canada, Japan, Mexico and Singapore – have ratified the Agreement meaning it will enter into force in 60 days on 30 December.
* The CPTPP has the potential to deliver an estimated NZ$222 million of tariff savings annually once fully in force.
* Given the timing of entry into force, a second set of tariff cuts will occur with Mexico and Canada on 1 January 2019 that will enable New Zealand exporters to more quickly level the playing field with competitors in those markets.
* Japan’s tariff cuts will happen on 1 April each year, so in Japan’s case, the first tariff cut will be on entry into force and a second would occur on 1 April 2019.
* Upon entry into force on 30 December tariff cuts for New Zealand exporters will be NZ93.4 million rising to NZ94.1 million on 1 January 2019 with the second round of tariff cuts. Tariff cuts for New Zealanders will reach NZ$104 million in the first 12 months once Japan makes its second round of tariff cuts on 1 April 2019.
* Tariffs will be eliminated on all New Zealand’s exports to CPTPP economies, with the exception of beef into Japan; and a number of dairy products into Japan, Canada, and Mexico, where access is nevertheless improved through partial tariff reductions and duty-free quotas.
* The CPTPP will mean our exporters are not disadvantaged in important high value markets, like Japan, compared with competitors such as Australia, Chile, and soon the EU – all of which have agreed free trade agreements with Japan.
* Collectively the CPTPP countries accounted for 13.3% of world GDP worth US$10.6 trillion in 2017. This grouping is economically significant for New Zealand as they:
	+ cover markets with a combined population of 480 million consumers;
	+ were the destination for 30% of New Zealand’s goods exports (NZ$16.7 billion) and 30% of New Zealand’s services exports (NZ$7.3 billion) in the year to the end of June 2018;
	+ include three of New Zealand’s top 10 trading partners - Australia, Japan, and Singapore (with Malaysia at number 11);
	+ include four countries with which New Zealand has never had a free trade agreement - the world’s third-largest economy Japan, as well as Canada, Mexico and Peru.
* Independent economic modelling concludes that, once fully in effect, CPTPP is expected to increase New Zealand’s real GDP by between 0.3% (NZ$1.2 billion) and 1% (NZ$4 billion). By contrast, if CPTPP were to go ahead without New Zealand, the modelling estimates a NZ$183 million decline in our GDP.

Key outcomes for specific goods

* Tariffs on buttercup squash will be immediately eliminated into Japan (New Zealand’s largest squash market) providing tariff savings for the 30 New Zealand firms that grow and export squash of NZ$1.5 million or an average of NZ$50,600 per grower.
* For onions, the 8.5% tariff into Japan that amounts to an average of $19,500 each for the 90 commercial growers around New Zealand will be eliminated within six years.
* Tariffs on New Zealand beef exports to Japan will reduce from 38.5% to 9% over 16 years including the immediate removal of Australian beef exporters’ current tariff advantage (27.5%) over New Zealand in the Japanese market, which has resulted in a decline in New Zealand’s exports and a loss of $53 million to the industry per annum. Industry has indicated that red meat sector exports from New Zealand directly support 80,000 jobs across New Zealand, mostly in the regions.
* Honey exports into Japan, which currently face 25.5% tariff, will benefit from full tariff elimination over eight years.
* All tariffs on New Zealand wine will be eliminated into CPTPP markets, including immediate duty free access into Canada (NZ’s 4th largest wine market). At present, New Zealand trades across a 15% tariff on wine into Japan, while one of our main competitors, Chile, pays tariffs of 4.6%.

Key outcomes for New Zealand regions

* The Bay of Plenty stands to gain on products such as kiwifruit and avocados, with tariffs on these products due for elimination immediately upon entry into force. Bay of Plenty accounts for 79% of New Zealand’s kiwifruit production and is also New Zealand’s largest producer of avocados.
* Mid Canterbury farmers supply 50% of the world’s radish seeds and 33% of the world’s carrot seeds. They will also gain as tariffs on New Zealand horticultural exports including seeds are eliminated within 15 years under CPTPP.
* The Otago region produces almost half of all New Zealand’s summer fruits. CPTPP will see total tariff elimination on summer fruits, including cherries, for which the tariffs into Japan will be eliminated within six years.
* One of the key exports from Northland is fisheries products. The CPTPP will see all tariffs eliminated on fisheries exports, with the majority of savings on entry into force. Currently New Zealand fish and fish products face tariffs of 20% into Mexico for some lines, 15% into Viet Nam on red salmon and 3.5%-10% in Japan.

Employment

* The export sector sustains more than half a million New Zealand jobs. Put another way, one in every four New Zealanders in work today depends on exports for their livelihoods.
* It has been established that employment grows 7% to 12% faster when New Zealand firms start exporting. International research also tells us that exporting firms pay higher wages – up to 6% more than non-exporters.
* More information on CPTPP is available the Ministry of Foreign Affairs and Trade’s website: [www.mfat.govt.nz/cptpp](http://www.mfat.govt.nz/cptpp)
* You can also email with any questions on CPTPP to media@mfat.govt.nz