



NEW ZEALAND  
**CUSTOMS SERVICE**  
TE MANA ĀRAI O AOTEAROA

# **NEW ZEALAND / UNITED KINGDOM FREE TRADE AGREEMENT**

## **INFORMATION ABOUT THE RULES OF ORIGIN**

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This fact sheet outlines the Rules of Origin for originating goods under the New Zealand - United Kingdom Free Trade Agreement (NZ-UK FTA).

This fact sheet should only be used as a general guide. It does not set out every requirement of the Rules of Origin Chapter. Accordingly, it is recommended that this fact sheet be read in conjunction with Chapters 2, 3 and 4 (and the associated Annexes to these Chapters) of the NZ-UK FTA, and the relevant domestic legislation including the Customs and Excise Regulations 1996.

## What countries does the NZ-UK FTA Agreement apply to?

NZ-UK FTA was signed on 28 February 2022 and comes into force on 31 May 2023. It is a bilateral Agreement between New Zealand and the United Kingdom.

## Originating goods

Goods imported into New Zealand from the United Kingdom are originating if the goods are:

- wholly obtained or produced entirely in one or both Parties; or
- produced entirely in a Party exclusively from originating materials from one or both of the Parties; or
- produced entirely in a Party using non-originating materials where the good satisfies the requirements set out in Annex 3A (Product Specific Rules of Origin).

In addition, the goods must meet all other requirements in the Chapter.

## Goods wholly obtained or produced.

*Article 3.3: Wholly Obtained Goods* lists the goods that are considered to be wholly obtained or produced entirely in a Party and are therefore originating. These goods are generally natural resource-based goods, for example plants grown, animals born and raised, or seafood caught, in the Party. An exception is the inclusion of 'Waste and scrap or used goods' (Article 3.3 (i)) which are treated as wholly obtained or produced entirely as they are only fit for disposal and recovery of raw materials, or for recycling.

Examples of wholly obtained goods are:

- apples grown in New Zealand,
- logs cut from trees grown in New Zealand,
- scrap metal shavings from a machining process conducted in England.

## Goods entirely produced.

Goods are also considered to be originating if they are produced in a Party exclusively from originating materials sourced from one or both of the Parties. For example, apple cider made from a combination of New Zealand and English apples pressed and bottled in Wales would be considered an originating good from the United Kingdom.

These originating materials may also include materials that come from a country other than New Zealand or the United Kingdom, provided those materials have been transformed into an originating good at an earlier stage of production in either New Zealand or the United Kingdom.

## Goods produced using non-originating materials.

The FTA allows for a good sourced from a country other than New Zealand or the United Kingdom to gain originating status if the good undertakes production processes in New Zealand or the United Kingdom. The level of production required on a non-originating good to gain originating status is provided in the schedule of Product Specific Rules (PSRs) contained in Annex 3A to the Rules of Origin Chapter.

There are three types of rules in the PSR Schedule that a non-originating good could utilise to gain originating status:

1. Change in tariff classification - specifies a change in tariff classification between the non-originating materials and the final good;
2. Regional value content – sets a minimum level of value that a producer in either New Zealand or the United Kingdom must contribute towards the value of the good; or
3. Chemical reaction – a specific chemical process that once completed provides the good with origin status.

The rule or rules attached to each tariff line are listed in Annex 3A.

Note: where there is more than one rule provided in the '*Product Specific Rule*' column of Annex 3A for a good (for example, '*CTH or RVC40*'), the rules are co-equal and equally valid for achieving origin. The exporter or producer can choose which of the co-equal rules to use in determining whether the final good has origin status.

## Change in tariff classification (CTC)

Where the schedule includes a CTC rule, non-originating goods must have undertaken a change in tariff classification as follows:

Rule	Tariff change required
CC (Change in chapter)	all the non-originating materials must have undergone a change at the two-digit level in a Party

Rule	Tariff change required
CTH (Change in tariff heading)	all the non-originating materials must have undergone a change at the four-digit level in a Party
CTSH (Change in tariff sub-heading)	all the non-originating materials must have undergone a change at the six-digit level in a Party

### ***De minimis / Tolerance***

Where a good does not quite meet the required change in tariff classification listed in Annex 3A, it can still be considered to be originating if the good meets all applicable requirements under the Chapter and:

- (a) the value of all non-originating materials used in their production that did not undergo the required CTC does not exceed 15 percent of the value of the goods; or
- (b) for goods classified in Chapters 1-24 and 50-63 of the Tariff, the weight of all non-originating materials used in their production that did not undergo the required CTC does not exceed 15 percent of the net weight<sup>1</sup> of the goods.

Note:

- The value of those non-originating materials is determined using the methodology provided in paragraph 3 of Article 3.5 (Calculation of Regional Value Content).
- The 15% level is higher than most New Zealand FTAs.

### **Regional value content (RVC)**

Where the PSR schedule includes an RVC rule for a non-originating good to gain origin status, there are two approaches available to calculate the value added to the good through a production process undertaken as follows:

A build-down approach (based on the value of non-originating materials (VNM))

$$\text{RVC} = \frac{\text{value of the good} - \text{VNM}}{\text{value of the good}} \times 100$$

A build up approach (based on the value of originating materials (VOM))

$$\text{RVC} = \frac{\text{VOM}}{\text{value of the good}} \times 100$$

where:

- RVC is the regional value content of a good, expressed as a percentage;

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<sup>1</sup> 'Net weight' is the weight of the material or good not including the weight of any packaging.

- VNM is the value of non-originating materials used in the production of the good, including materials of undetermined origin, as determined in Articles 3.5 (Materials Used in Production) to Article 3.7 (Further Adjustments to the Value of Materials).
- VOM is the value of originating materials and parts that are produced or acquired or self-produced and used in the production of the good as determined in Articles 3.5 (Materials Used in Production) to Article 3.7 (Further Adjustments to the Value of Materials).

## Chemical reaction

For some goods, there is a third pathway to gain origin status, through completion of a chemical reaction process as defined in the Headnotes to Annex 3A. In these cases, the '*Product Specific Rule*' column of Annex 3A includes either '*crushing/grinding*', '*refining*' or '*Process Rule*'.

## Proof of origin

Under the FTA, to make a claim for preferential treatment an importer needs to have either:

- an origin declaration completed by the producer or exporter of the good; or
- sufficient knowledge that the good is originating.

## Origin declaration by an exporter or producer of an originating good

NZ-UK FTA provides for the producer or exporter of a good to self-declare the origin of their goods.

There is no prescribed format for a self-declaration. Rather, NZ-UK FTA contains a set of requirements that a self-declaration must meet to be valid in Annex 3B (Origin Declarations – Guidance). These requirements are provided in Annex 1.

A self-declaration is valid for 12 months from the date of completion and can cover either a single importation or multiple importation of identical goods provided these importations occur within a 12-month period.

However, to assist traders, the Customs website provides an origin declaration template that can be used if desired. This template has been developed by the respective Customs authorities and includes the necessary data elements. This template can be accessed through the following link [New Zealand-United Kingdom Free Trade Agreement \(customs.govt.nz\)](https://www.customs.govt.nz/new-zealand-united-kingdom-free-trade-agreement).

## Importer's knowledge that the good is originating.

In addition to a self-declaration by the producer or exporter of a good, the Agreement also provides for an importer to submit a claim for preferential tariff treatment based on the importers knowledge that the good is originating.

To make a claim an importer must have either documentation demonstrating that the good is originating or have a reasonable reliance on documentation provided by the producer or exporter that the good being imported is originating.

## Advance rulings

Under the FTA, an exporter, producer, 'any person with a justifiable cause,' or their representative is able request an advance ruling concerning:

- the tariff classification; or
- originating status;

of a good.

Points to note about advance rulings:

1. An advance ruling will be issued as soon as practicable, but within 90 days of the receipt of all necessary information.
2. Each Party shall publish online how long an advance ruling remains valid. For NZ, the period is three years.
3. An advance ruling can be modified or revoked if it was made in error, or based on an error in fact, if the information provided was false or inaccurate, if there is a change in materials facts or circumstances on which the ruling was based, or if a change is required to conform with a judicial decision or a change in laws or regulations.

## Transportation of goods

NZ-UK FTA provides that a good will retain its originating status while being transported from the exporting Party to the importing Party in the following situations:

1. the good is transported directly from the exporting Party to the importing Party; or
2. the good is transported through a non-Party and is not further produced and is not released into free circulation in the territory of any non-party.

The Agreement does however allow for the following operations to be undertaken on a good being transported through a non-Party: unloading, reloading, separation from a bulk shipment or splitting of a consignment, storing, repacking, labelling, bottling, or marking required by the importing Party, or any other operation necessary to preserve it in good condition or to transport the good to the importing Party.

## Minor discrepancies or errors

The NZ-UK FTA Agreement acknowledges that in some cases there will be minor errors in documents or discrepancies between documents.

Examples may include slight discrepancies between documents ( the date of vessel departure on a CoO being recorded as the 23<sup>rd</sup> of the month, but the actual date of departure being a day later on the 24<sup>th</sup> of the same month), omissions of information, or typing errors.

Article 3.23 states that provided these errors or discrepancies do not create doubt about the originating status of a good, the importing Party will disregard them.

In addition, the Article provides for a document deemed to be illegible or defective on its face to be resubmitted within a period of no less than 30 days after the importing Party advises the importer of the issue.

## **For further information**

Contact your nearest office of the New Zealand Customs Service, visit the Customs website [www.customs.govt.nz](http://www.customs.govt.nz) or call Customs on 0800 428 786

For further information about New Zealand's international trade agreements please refer to the New Zealand Ministry of Foreign Affairs & Trade website ([www.mfat.govt.nz](http://www.mfat.govt.nz)).

For any queries about rules of origin, please contact: Valuation, Origin and Classification New Zealand Customs Service PO Box 29 Shortland Street Auckland 1140 Telephone: + 64 9 927 8000 Email: [voc@customs.govt.nz](mailto:voc@customs.govt.nz)

## **Do other taxes, levies or charges apply for goods imported under the NZ-UK FTA agreement?**

Some taxes and levies will remain, irrespective of preferential tariff treatment. For example: goods and services tax (GST), excise equivalent duties, anti-dumping or countervailing measures, entry and cargo transaction fees, or other cost recovery-based fees.



### **Article 3.18: Declaration of Origin**

1. A Declaration of Origin referred to in Article 3.16 (Proof of Origin) may be completed by:
  - (a) an approved exporter within the meaning of Article 3.21 (Approved Exporter); or
  - (b) an exporter or a producer of the good, subject to paragraphs 2 and 3 of Article 3.16 (Proof of Origin).
2. A Declaration of Origin shall:
  - (a) be completed in accordance with Annex 3B (Minimum Information Requirements);
  - (b) be in the English language;
  - (c) bear the name and signature of the certifying person; and
  - (d) bear the date on which the Declaration of Origin was completed.

### **ANNEX 3B MINIMUM INFORMATION REQUIREMENTS**

1. Declaration of Origin
  - (a) exporter's name and address;
  - (b) producer's name and address, if known;
  - (c) importer's or consignee's name and address;
  - (d) description of the goods and the HS Code of the goods (six - digit level);
  - (e) in the case of an approved exporter, authorisation code or identification code of the exporter or producer;
  - (f) unique reference number;
  - (g) origin conferring criterion;
  - (h) certification by an authorised signatory that the goods specified in the Declaration of Origin meet all the relevant requirements of Chapter 3 (Rules of Origin);
  - (i) NZ/UK FTA country of origin referred to in Article 2.6 (Tariff Differentials);
  - (j) FOB value if the regional value content origin conferring criterion is used;
  - (k) quantity of the goods;
  - (l) in the case of a back-to-back Declaration of Origin, original Proof of Origin reference number, date of issuance, NZ/UK FTA country of origin of the first exporting Party, and, if applicable, approved exporter authorisation code of the first exporting Party.