

Evaluation of Agricultural Import between PTA tariff and MFN Tariff: Evidence from ANZTEC*

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New Zealand is a crucial importer of Taiwanese agricultural products. The “Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation” (ANZTEC) eased protections for sensitive agricultural products by mandating the gradual lowering of tariffs on HS-8-digit agricultural products to zero. This paper estimates the average treatment effect (ATE) of import value between New Zealand (treatment group with preferential tariffs) and partner countries with the most-favored-nation (MFN) tariff rate (control group) through a difference-in-difference

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analysis (DID). A robustness test with the synthetic control method (SCM) was also applied. The results revealed a positive ATE after the tariff rate of dairy products, fruits, flavored foods, and some meat products became zero. However, the positive ATE can be primarily attributed to New Zealand's position as the largest importer of the aforementioned agricultural products. The placebo test demonstrates the potential of a more significant ATE if Taiwan signs PTAs with partner countries that are more endowed with certain competitive agricultural products, such as the United States, Chile, Italy, or Australia.

Keywords: ANZTEC, Trade creation, Agricultural import, Policy analysis, Tariff

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