



## Survey Results

The 2015 Exporters Survey was in the field between August and September 2015. There were 205 responses with the majority identifying themselves as manufacturers (49%) with the second biggest category being from the Agriculture, Forestry or Fishing sectors, (15%).

There was a good spread of large, medium and small exporters that responded to the survey.

The following outlines the main findings of the survey.

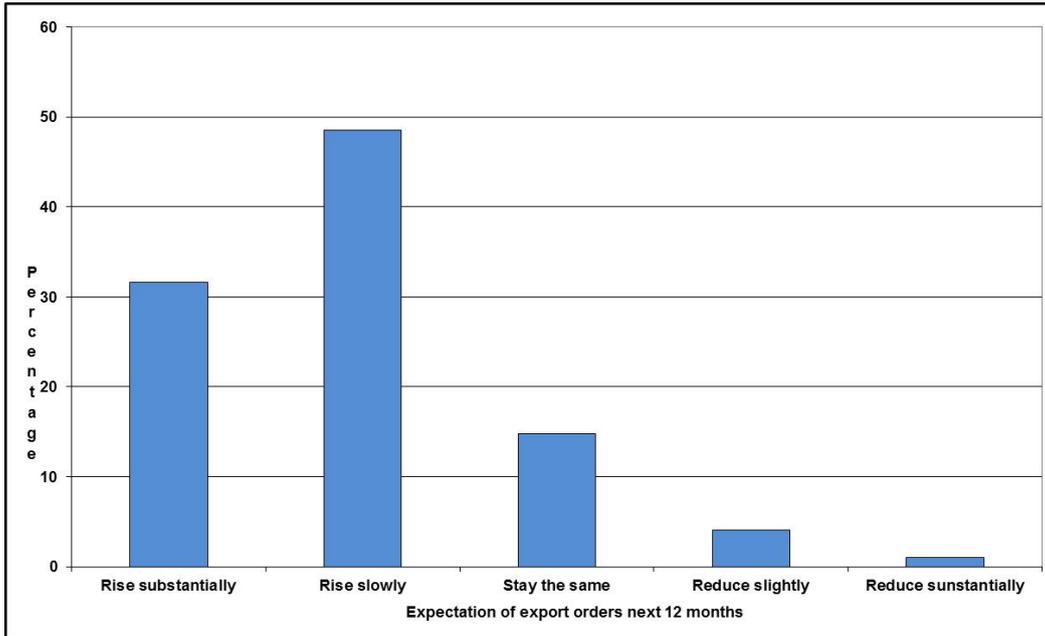
### **Business Outlook Positive**

In the next 12 months the majority (70%) of respondents said they expected business profitability to improve, 22% stay the same and 6.8% to deteriorate. Most (54.6%) expected their business to employ more people with 38.5% employing the same and only a small number reducing staff (6.8%).

While the majority (68.8%) are able to access enough skilled staff to grow their business, it is concerning that 31% said this is a constraint.

In the next twelve months, the majority expected their orders across all markets to increase; either slowly (48.5%) or substantially (31.6%). The strongest average sales growth was expected in North America (20%).

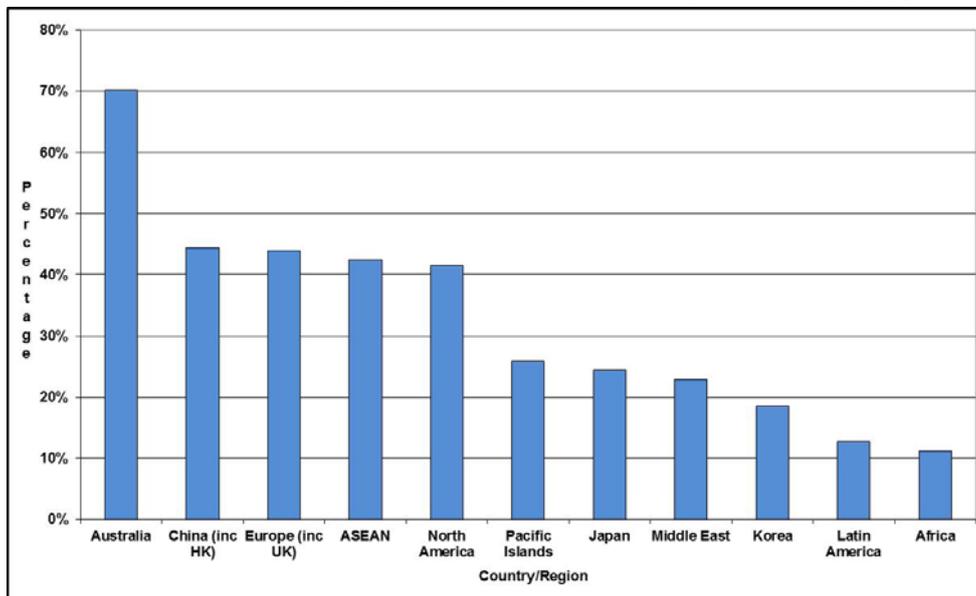
**In the next 12 months do you expect your export orders across all markets to:**



**Which Markets?**

The top export destinations for the respondents have changed slightly from 2014 with China and ASEAN moving up the rankings.

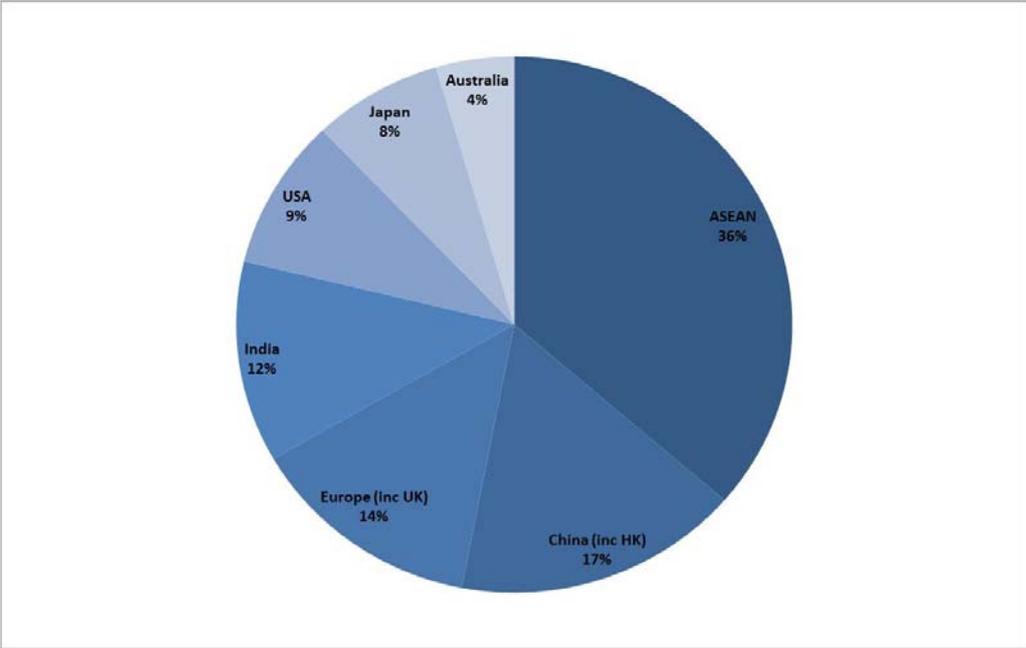
**Which of the following regions do you export to? (tick all that apply):**



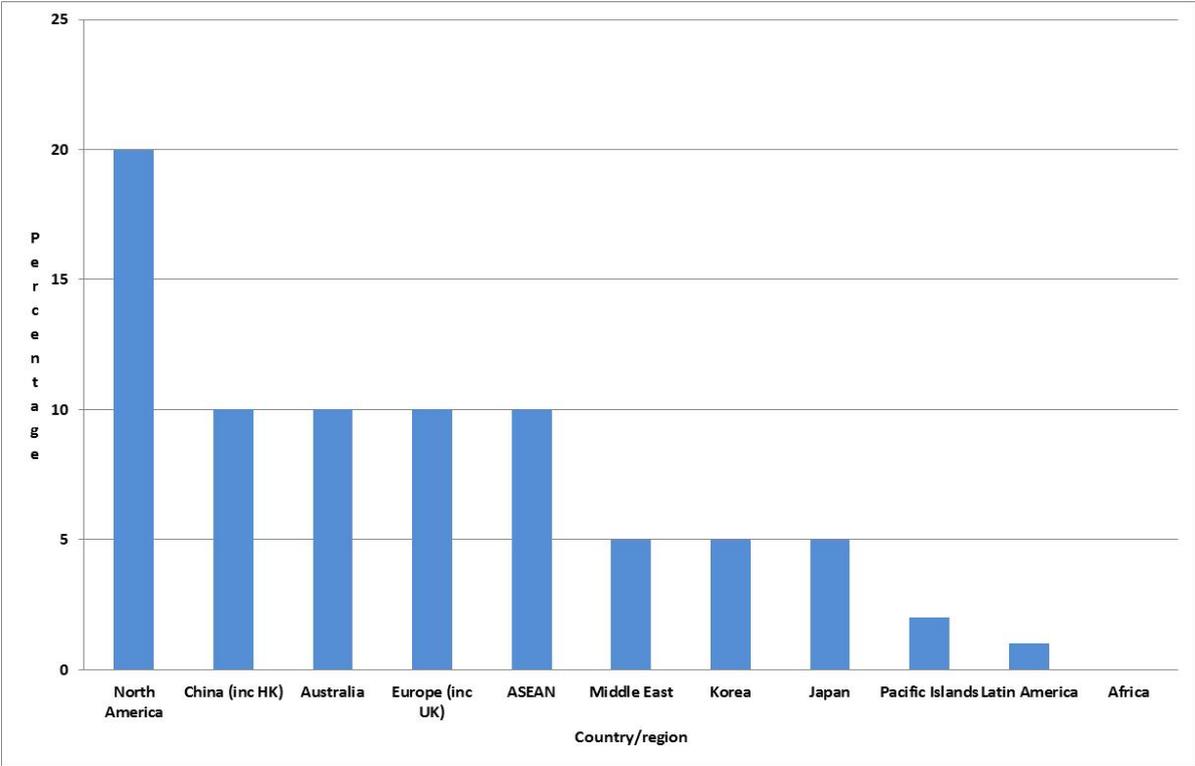
43.3% said they expected to enter new markets in the next 12 months, which shows that these exporters are not resting on their laurels.

The most popular new markets were ASEAN followed by China (inc. H.K).

**New market regions in the next 12 months**



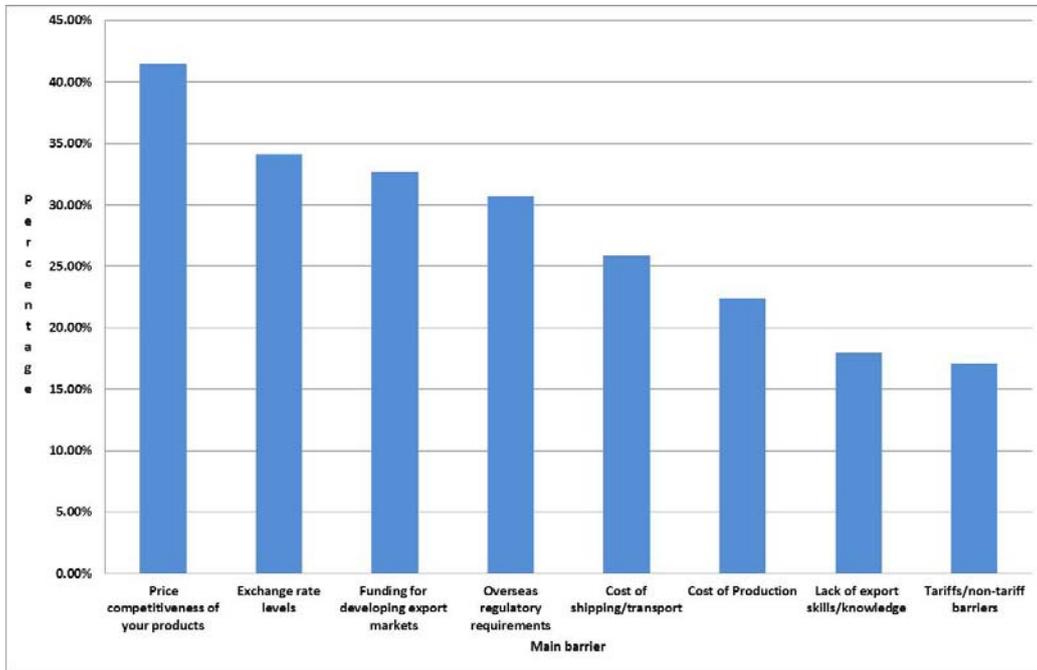
**Median percentage growth expected in the following markets for products/services**



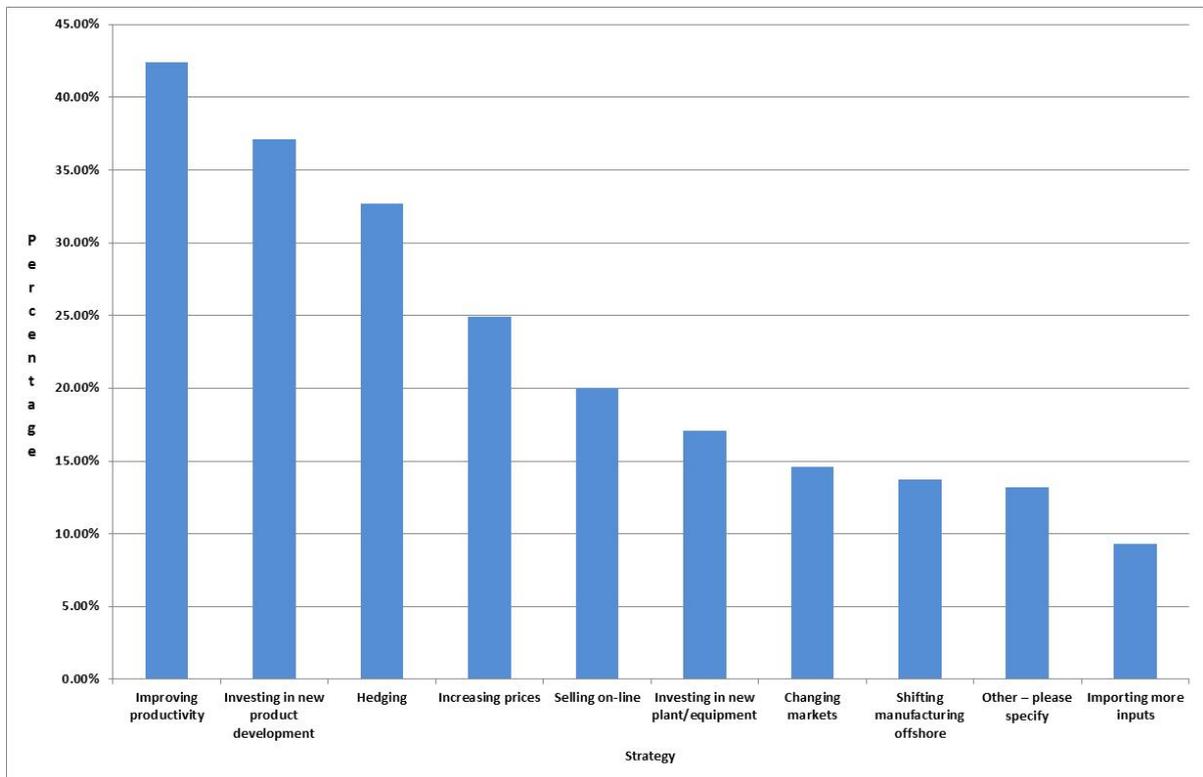
## Top obstacles restraining growth

Top obstacles to growth were price competitiveness of products, which has moved ahead of exchange rate levels as an issue, followed by funding for developing overseas markets and overseas regulatory requirements.

### Top three barriers preventing exporting, or exporting more



### Strategies to reduce the impact of the high New Zealand dollar on your business



## **Regulatory and non-tariff barriers**

Regulatory and non-tariff barriers are a problem for nearly half the respondents (41.8%) and ExportNZ will be raising these issues with Government Officials.

The exporters that are facing trade barriers cite a number of difficulties. China is mentioned often and continues to be a challenging market to do business in. Exporters in the food and beverage category need more help from Ministry of Primary Industries to navigate market access issues as this is holding back trade, particularly in the processed food category.

ExportNZ will be collating the feedback on tariff and non-tariff barriers and working with government officials to help reduce them.

## **Comments received**

### **Africa**

- High tariff in Africa

### **Argentina**

- High tariff barriers

### **ASEAN & Indonesia**

- Indonesian interpretation of ASEAN FTA and crossing the border with goods is incredibly difficult and time consuming, and inconsistent."
- General "corruption" in business practices in Indonesia
- Again, am still in the infancy stage of this business but overseas regularities in ASEAN countries are becoming a hurdle to even start exporting the products.
- Malaysia product registration requirements
- Halal restrictions in Malaysia and Indonesia. Difficulty with getting approval to import by the Chinese authorities.
- Needing to register and set up in Abu Dhabi to secure contracts, same with Indonesia
- Thailand - product registration took 2 years before we could export
- Registration process Indonesia/Thailand - We did not realise it was an issue into Thailand for example until we sent a rep to Thailand and he was told by potential customers there were high tariffs which stopped them considering us, but there were/are none!

### **Australia**

- Australia has restrictions on what 'claims' can be made around products - these prevent some of our products entering based on the product name.
- Australian phytosanitary regulations
- Product registration in South Africa and Australia
- Standards Australia. Standards not being updated in a timely manner which restricts innovation.

### **E.U.**

- Europe also has restrictions around 'claims' and some of our products wander precariously into this territory."
- EU has very tight microbiological counts on a particular range of organisms that make it very difficult to export. They do not inflict this on their internal market.
- European customs charges
- Low GST threshold in Germany/Europe, extensive paperwork requirements, certificate of origin required

- Quarantine restrictions in Europe
- UK and European customs de minimis values are very low and duty customs clearance fees are high. This acts as trade barrier and prevents customers ordering from us.
- UK import duty vs competition from within EU.
- UK said carbon miles, which was an excuse. They've since copied my products
- Very high EU import duties (dairy)

### **China**

- In China we continue to have trouble at the border with demand for documentation unrealistic and Customs staff in China unaware of FTA details etc. There are also unspecified expenses to get product released from bond and delays of up to 3-4 months are common."
- CCC electrical safety certification in China remains a significant costly and time consuming barrier
- Awaiting listing for China
- Certification of products
- China port regulations around food and beverage
- China re ASQIQ and CNCA regulations; dried beef not being included in FTA with PRC
- China, high fear in market of Dairy import regulations and access to China approved and registered manufacturing facilities.
- Chinese government import quota
- excessively complicated or onerous market access requirements (out of line with requirements for many other markets)
- China Phytosanitary "
- Import restrictions - added costs to import our goods – restrictions in china restricted by strict laws around importation of DG.
- China Animal testing requirements
- Regulations in China that impact on the tertiary institutions we can partner with.
- Getting better by the year as China comes into line with complimentary regulations
- China - documents required vary by port & customer
- China (certification - UL etc.)

### **India**

- India – tariffs
- IRAN

### **Japan**

- Requirement for expensive pre-testing of cosmetics before they can be sold in Japan or China prevents cost-effect test-marketing.
- Food import licensing and bureaucracy in Japan.
- Sugar tax to Japan

### **Korea**

- High import taxes – Korea
- Korea has a 258% tariff for honey
- South Korea - rejecting goods that comply in full - no real reason given
- The other issue we have is FTA's like South Korea where our competitors from Europe have enjoyed 2 years of access while our customers have had to pay 8% duty on our goods

### **Middle East**

- There are a range of "certificate of compliance" requirements in the Middle East that make it expensive and in some cases prohibitive (i.e. no manageable ROI) to get started on a small scale

## **Pacific**

- French Polynesia and New Caledonia very high duties
- New Caledonia - high duty rates as well as EU Certification requirements
- Fiji - very high duty rates to protect local businesses

## **South America /Brazil**

- Barriers in export markets around tax
- Brazil
- Brazil trade barrier
- Brazil, India
- Bureaucracy and time involved in establishing legal entities in South America, and expected process for submitting tender in India
- Seed phytosanitary requirements in Colombia

## **Transport**

- Global restriction on Lithium powered items (through IATA) has been a constantly moving target. If it gets worse it could make it impossible to export our goods altogether as air freight is the only cost effective transport method available to us."
- New Zealand's Open Skies Policy, Ministerial approval is allowing Air New Zealand to effectively shut down the integrity of Open Skies through its growing list of anti-competitive airline alliances to key international markets. This will limit growth opportunities outside Auckland.

## **USA**

- Duties for e-commerce sales in some markets, duty in some markets
- Export licensing requirements from supplier countries, particularly the USA
- Food labelling interpretations in the USA differing from the written rules.
- Importation into many Countries can incur ancillary charges in addition to import duties which are an additional barrier to sales. For example US Customs can apply a merchandise processing fee calculated at 0.21% of the invoice value. This fee has a minimum of \$25, which is a deterrent to new customers initially wanting to place a small trial order before placing ongoing larger orders.
- The ability to achieve trade certification in the USA and Canada
- Import duties on our product that are exported to the USA.
- USA red tape harder to export too
- We pay duties to send stock into the US and then if we ship into Canada we pay duties again.

## **Food Exports**

- Need better MPI advice re market access issues, or interpreting OMAR's.
- Should not need to have a vet on premises to oversee food manufacturing when meat has already come from approved plant.
- MPI interpretation of Overseas Market Access requirements - China, US, UAE
- New Importing Country Pest Requirements after the negotiation of Free Trade Agreements by NZ
- OMAR restrictions for poultry. Only countries open to us are:
  - Pacific Islands
  - Australia (cooked only)
  - Hong Kong
  - Dubai
  - Japan

- Our countries now need a signed off government health certificate for non-meat products which the MPI do not provide.
- Russian Regulations around Honey are the most restrictive outside. Crack down on regulations in other countries not previously enforced have an overall slowing impact on trade even when everything is done correctly. Clearances that used to take 1 week now take 2-3
- Shifting labelling laws.

#### **Medical Products**

- Japan, China, Brazil have slow regulatory approval processes. Brazil and India have import tariffs on medical products.
- We make a pharmaceutical raw ingredient. A lot of countries like Mexico require the finished product to be registered with their health authorities and listing the origin of their raw materials. To change requires stability trials and an expensive re-registration process. Most customers don't have the resource or the patience to go through the process, so continue to pay high prices for their materials.
- All countries equivalent restrictions to classifications of veterinary medicines (acvm).

#### **Tax**

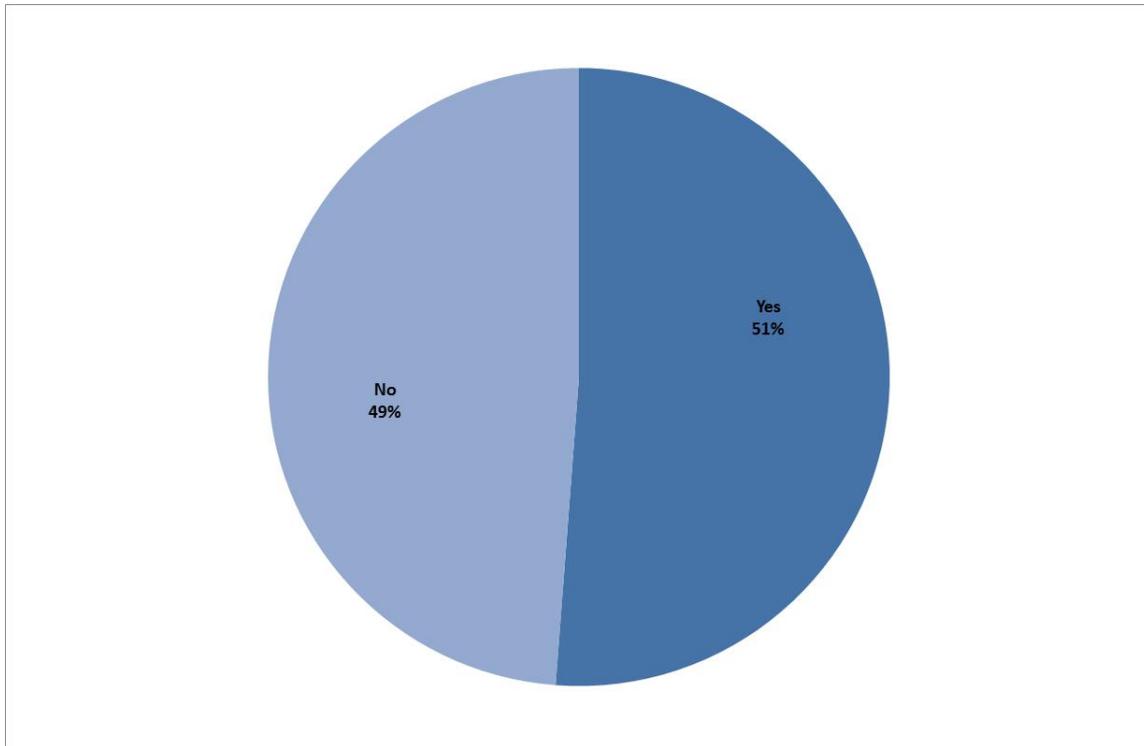
- NZ- 5% extra tax on licencing makes no sense- thought we wanted to go R&D and weightless exports etc, It is hardly passive income- we are investing tons and heaps of effort and risk- its massive.
- The NZ tertiary education policies that limit the discretion of universities to decide on fees for domestic students (and hence the lower returns have to be recovered by charging higher prices to overseas students) and limit the number of domestic students we can enrol and receive the Government SAC funding component in each year (and therefore limiting our opportunities to achieve scale economies and improve our production efficiency and ability to compete offshore).
- When we move stock between warehouses in US and NZ and back we sometimes end up paying GST twice
- Aviation training services, education services are not GST exempt as is the case for goods exports and this is making services exporters uncompetitive internationally.

#### **Other**

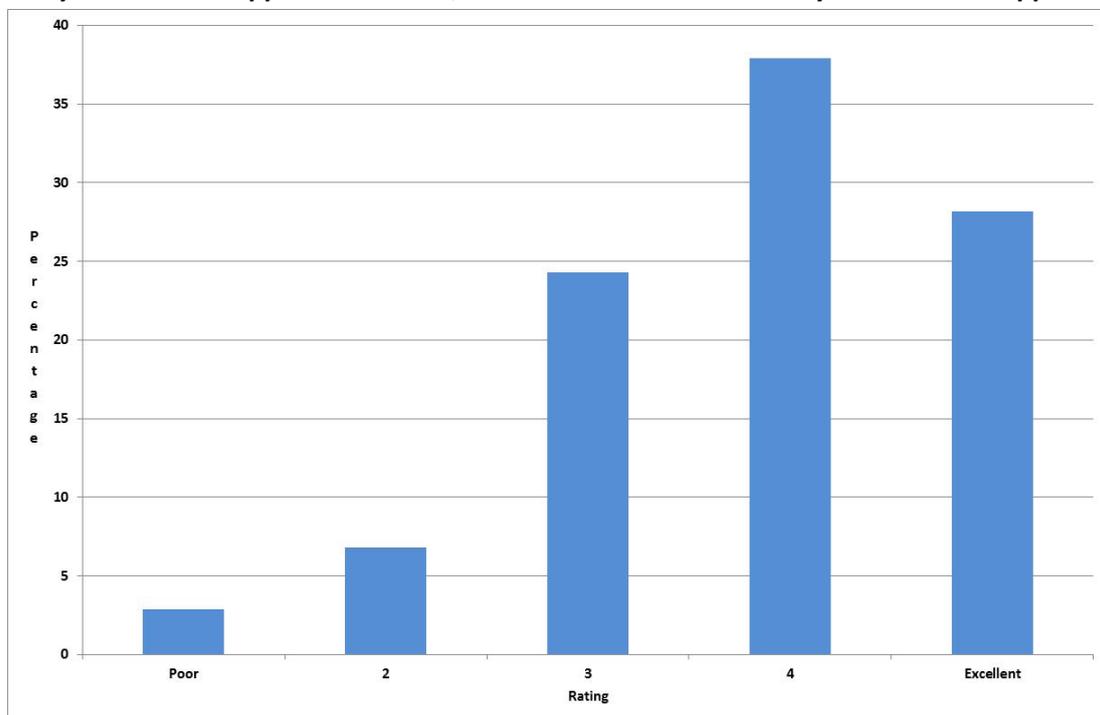
- Legal barriers caused by corruption
- Israel restrictions on importing from "countries outside US & Europe"
- Wood preservatives have to comply with the rules and regulations of each country
- Fishing regulations effects the viability of using our products in overseas markets

## Government Support

Of the survey respondents 51.2% are receiving assistance from NZTE and 48.8% were not.

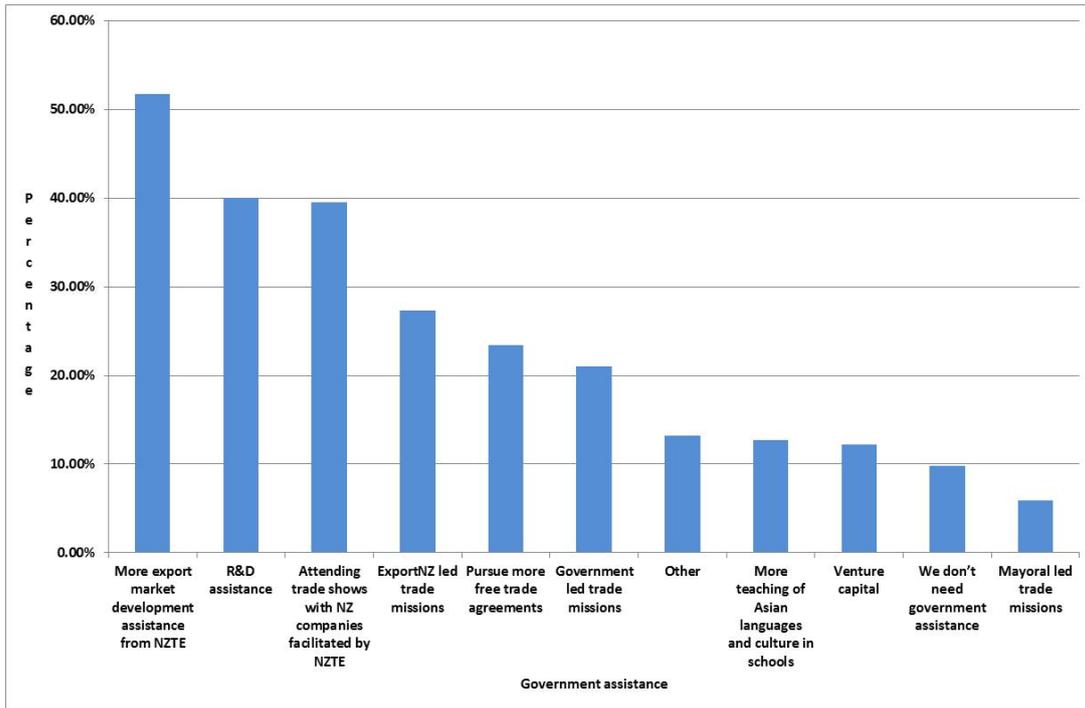


If you received support from NZTE, on a scale of 1-5 how would you rate their support



In terms of Government assistance for exporting, more export market development assistance was the most popular, followed by R & D assistance. It also looks like exporters would like to go to more trade shows with other New Zealand companies with the assistance of NZTE.

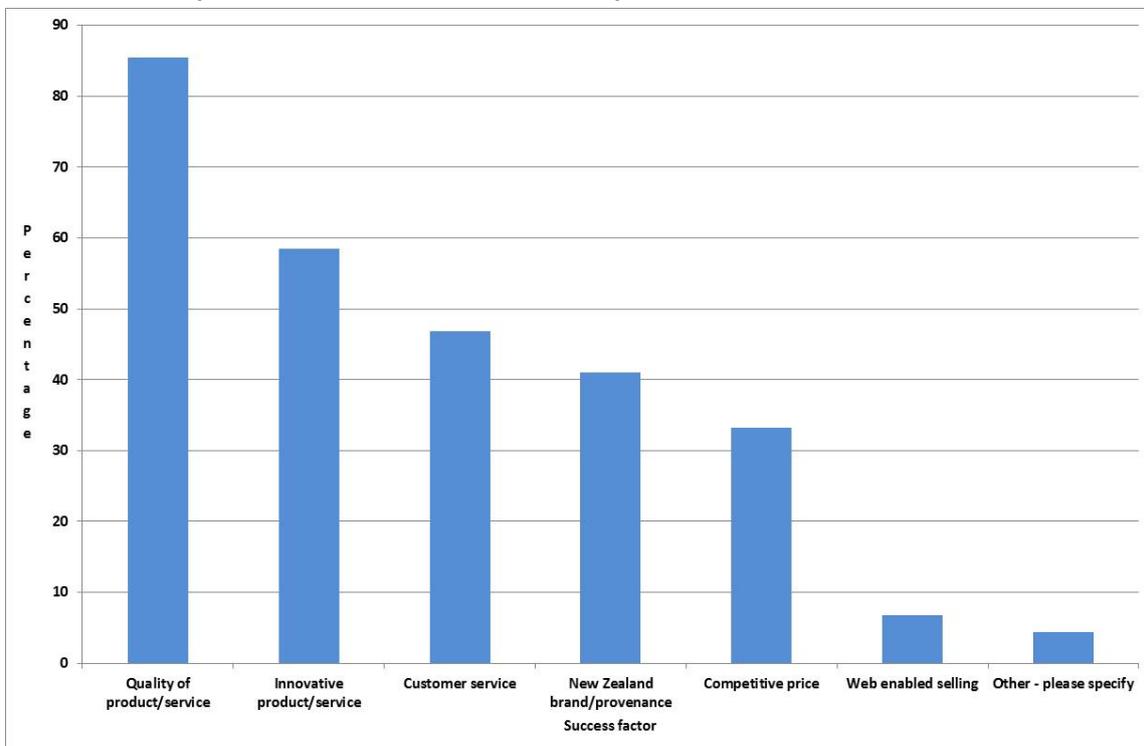
### What types of government assistance if any would you favour to encourage exporting



### Top success factors

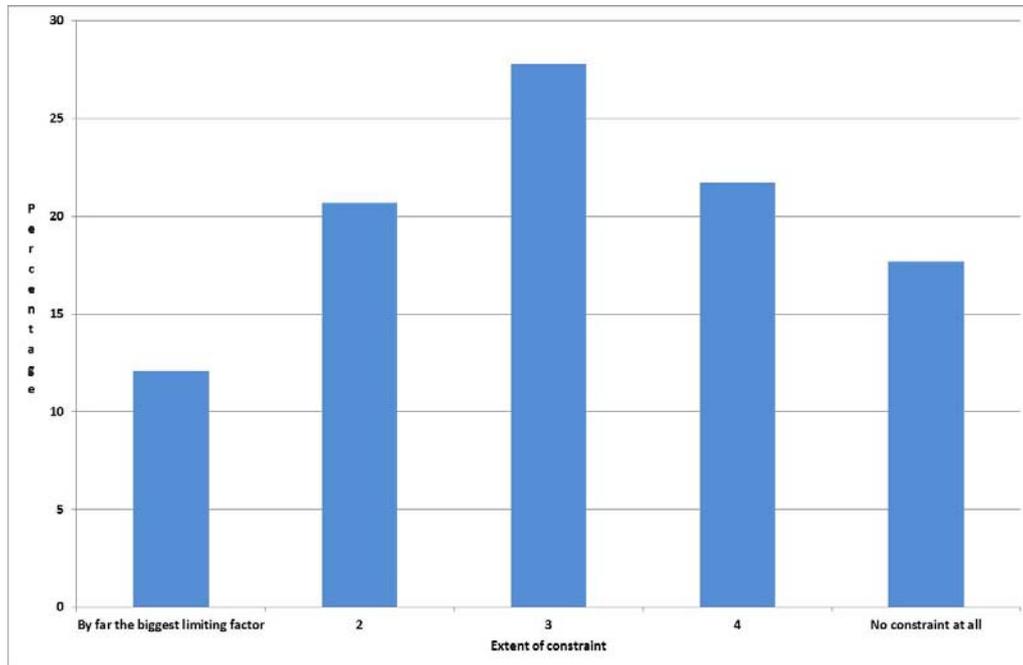
Respondents voted for quality of product/service, innovation and customer service as the top three success factors.

### Rank the top three success factors that make you most successful in overseas markets



## Is lack of capital an issue?

On a scale of 1 to 5 please indicate the extent that a lack of capital is a constraint to growing your exports



Broad band speeds were fast enough for most businesses, with 60% saying yes, but it is a concern that 39% say no – as this could be a new route to export that we need to be chasing a lot harder.

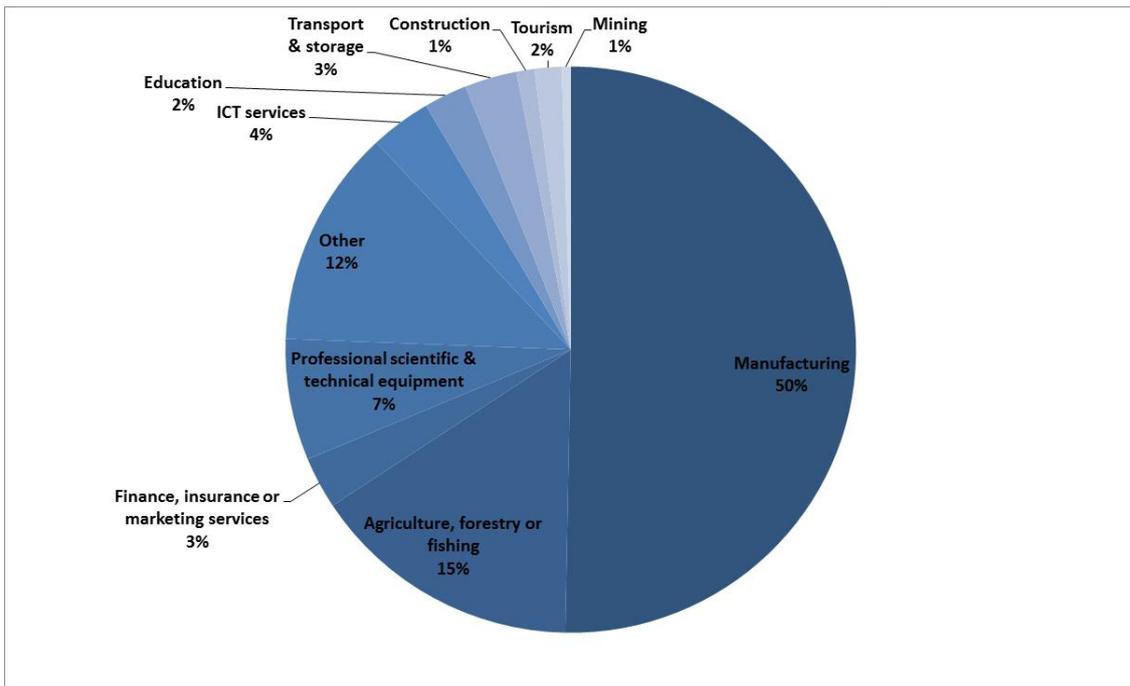
On-line marketing is opening up new opportunities for a significant number of respondents (52%, up from 38% in 2014), which underlines the need for adequate broadband speeds.

## Who participated?

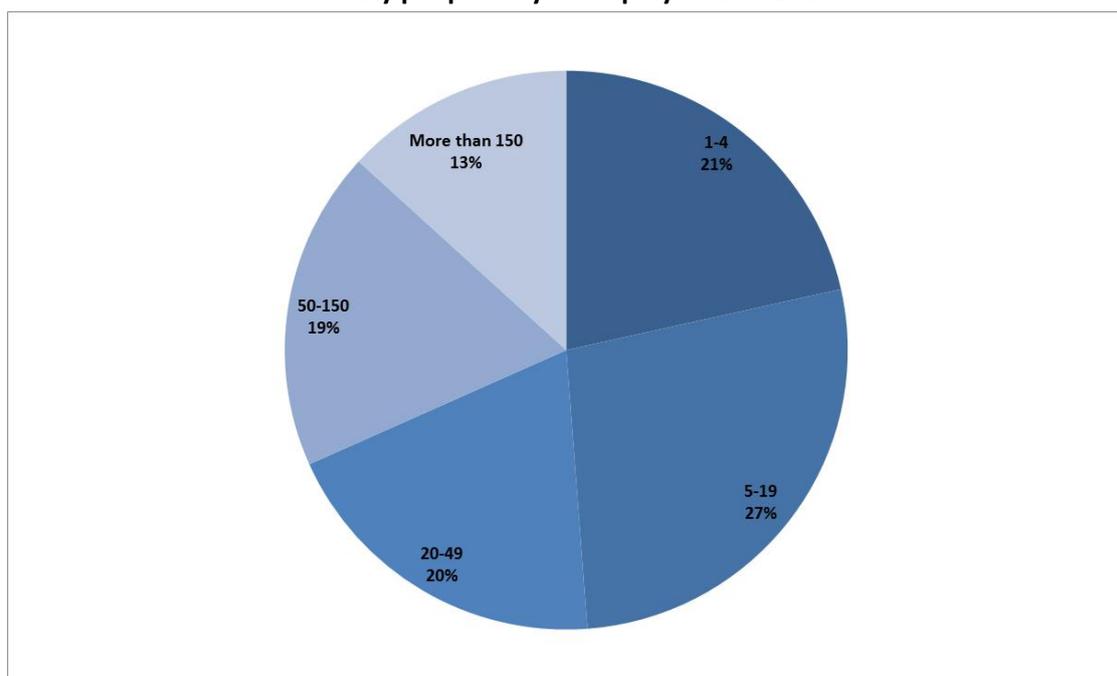
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A good percentage of respondents were quite large employers but smaller employers were also well represented. When it came to overseas employees, the majority had few overseas employees (78% between 1 and 4 staff) while 9% had over 150 employees overseas.

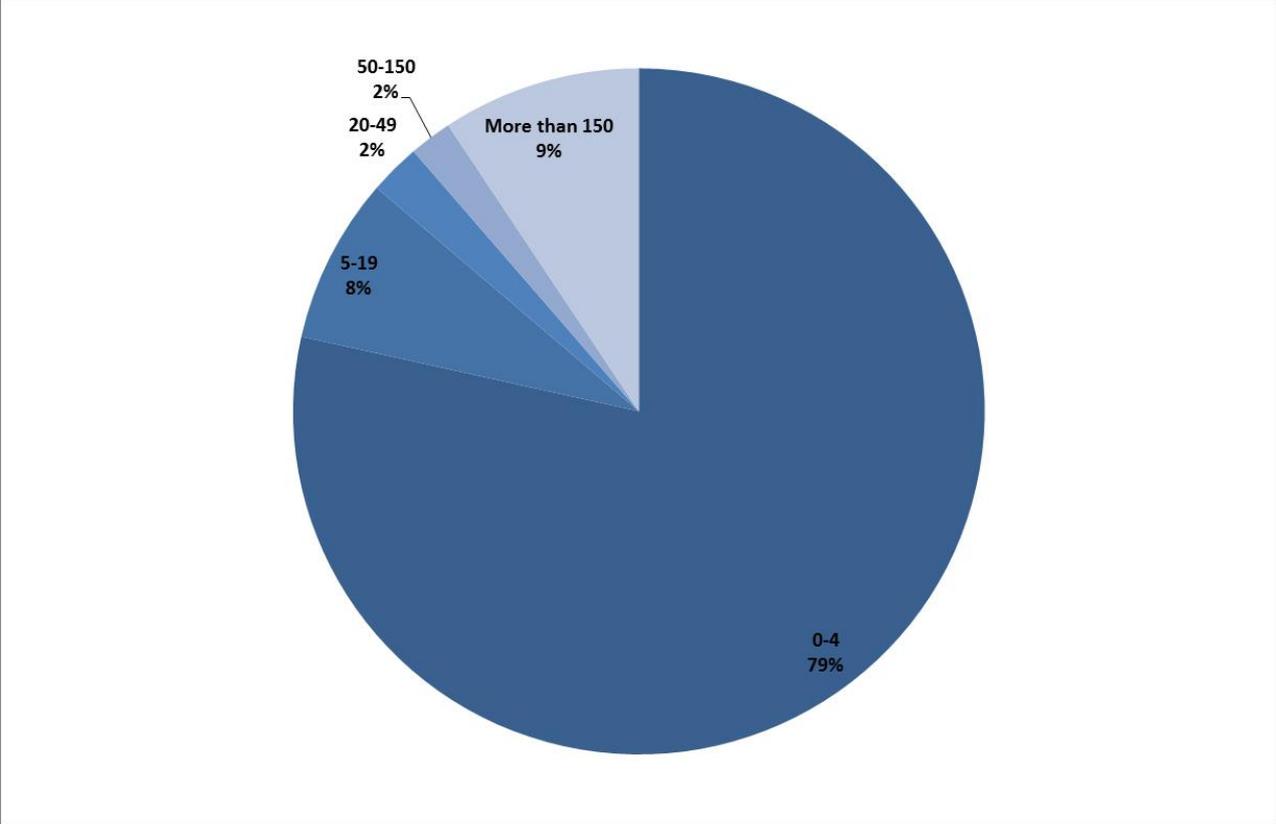
### Please indicate which of the following industries best describes your business



### How many people do you employ in New Zealand



**How many people do you employ overseas**



**In which region is your enterprise predominantly located**

