

ExportNZ Trade & Advocacy Update September 2023

New Zealand wins CPTPP dispute against Canada

An independent panel has ruled in favour of New Zealand in a CPTPP dispute against Canada. The panel found that Canada's dairy quota administration has been inconsistent with its obligations under the CPTPP Agreement.

As part of CPTPP, New Zealand negotiated for new dairy quota access accounting for 3.3 per cent of Canada's dairy market, however, the Panel found that Canada had continued to grant priority access to their own domestic dairy processors – violating terms of the agreement.

Canada will now have a set period of time to comply with the Panel's ruling and change its TRQ (Tariff Rate Quota) administration.

New Zealand-United Arab Emirates Exploratory Trade Talks Launched

Earlier this month, Trade Minister Damien O'Connor met with UAE Minister of State for International Cooperation Reem Al Hashimy and announced that both countries will begin exploratory discussions on a Comprehensive Economic Partnership Agreement (CEPA).

While New Zealand is also in ongoing discussions with the Gulf Cooperation Council (GCC), that process is facing issues and we don't see significant progress being made anytime soon.

New Zealand-India Key Priorities Outlined

Trade Minister Damien O'Connor also spent three days in Delhi alongside the delegation visit from the India New Zealand Business Council. While in the country, the Minister met with India's Commerce & Industry Minister, Piyush Goyal and set out their priorities in a Joint Statement.

Key priorities advanced during his talks in New Delhi included:

- Upgrading the Air Services Agreement with Civil Aviation Minister Hon Jyotiraditya Scindia and discussing prospects for improving air links with India with the private sector. The agreement further liberalises services and will advance code-sharing flight opportunities between Auckland and New Delhi;
- Progressing primary sector partnerships across agriculture and horticulture with his counterpart Ministers, Hon Parshottam Rupala and Hon Narendra Singh Tomar;
- Encouraging improved India-New Zealand Ministerial and business-to-business relationship architecture; and
- Highlighting the importance of partnerships that benefit both countries' education sectors.

Economic Policy Manifesto Releases – Labour & National

Both major parties have now released their economic policy documents in the lead-up to October 14th.

Labour released [its document: *Our Pathway Forward: Building for Tomorrow*](https://www.labour.org.nz/news-release-hipkins-plan-to-grow-nz-economy), <https://www.labour.org.nz/news-release-hipkins-plan-to-grow-nz-economy> on the 11th September with their priorities being;

1. Grow an export-led economy with a strong global reputation,
 - Expanding access to new and emerging markets to grow our economy, create jobs, and support economic resilience across our trade markets in a time of global uncertainty.
 - Partnering with businesses to grow into offshore markets, diversify what we sell and who we sell it to, and seize the opportunities these trade deals present.
 - Making sure New Zealand has strong supply chains and strong relationships with global research and innovation institutions and trading partners.
2. Turn New Zealand into a Centre of Excellence for sustainable agriculture and agricultural technology
3. Be a global leader in renewable energy
4. Harness New Zealand's digital creativity and expertise, and
5. Boost our premium tourism offering

National Released their document: *Rebuilding the Economy*, <https://www.national.org.nz/rebuildingtheeconomy> on the 22nd of September, with their priorities being;

1. Stop wasteful spending and get the books back in order.
2. Deliver tax relief to encourage hard work and ease the cost-of-living crisis.
3. Cut red tape to make it easier to invest and grow.
4. Build infrastructure for growth like roads, public transport and renewable energy.
5. Grow skills and attract talent to boost productivity.
6. Strengthen connections to the world by supporting trade and investment.
 - Strengthen New Zealand's international connections, so that Kiwi businesses have access to markets, skills and capital.
 - Prioritise our relationship with India, with an ultimate goal of developing a Free Trade Agreement.
 - Invest more in the relationships with the Gulf Cooperation Council and Pacific Alliance to create the conditions that will allow us to secure high-quality free trade agreements.
 - Focus on reducing the effect of non-tariff barriers in other countries to protect export revenue.

Campaign Watch – International Trade & Exports

It's been a bit difficult tracking the mentions that international trade development and exports have received over the course of the past few weeks on the campaign trail, but here are some of the things we've heard...

At the BusinessNZ Election Conference on the 5th September, each of the political party leaders present gave remarks. Here is what we captured that is export-specific...

Winston Peters mentioned "Export, export, export", to "add value to everything we possibly can before we export... we've got to have high information technology boost and incentivisation, alongside research and development, and incentivisation as well, even tax breaks to do that, like Singapore, like Taiwan, like smart economies do... We can be that great country again, but only when take ideas and plans that are practical and that have worked somewhere else."

James Shaw said, that in BlackRock's analysis "New Zealand is currently the most innovative country in the world when it comes to the energy transition... and for them that's worth investing in... because that then gives them access to that IP and the ability to then transfer that to elsewhere in the world, in other words it becomes an export opportunity for this country."

While, **Chris Luxon** said that he wants to see a "much more externally focused New Zealand out there hustling in the world, because [he] thinks that a lot of our relationships globally have gone cold over the period of insularity we've had over the last six years, so I'm expecting my trade minister and my foreign minister to be on the plane doing the business for New Zealand a lot."

Luxon believes it is about asking "How do we get our businesses more confident about operating in South East Asia, ultimately into India, the UK, and Europe, and actually commercializing and taking advantage of the free trade agreements that have been created over recent decades."

He went on to say, "I keep saying it, but India is a priority for us, I know it will be hard, but trade with India two-way has gone backwards over the past six years... we have to be able to unlock that opportunity as well."

Rounding up the Conference, **Chris Hipkins** said, "When I took on the job as Prime Minister, I decided to put trade front and centre of all of the international activity that I have been undertaking... there is a real opportunity for us to diversify our markets and to continue to grow our exports. The work that we've been doing around trade means that we've gone from an environment where less than half of our exports were covered by free trade agreements to an environment where more than three-quarters are covered by free trade agreements. I think we can continue to work on that, continue to expand that coverage, but what is important is that in the next few years is that we are taking up the opportunities that have recently opened up for us."

Hipkins continues, "We've got an opportunity now with the UK and with the European Union and with other economies that have opened up to us through things like the CPTPP to really put a concerted effort into diversifying our trading markets, so I've made a commitment as Prime Minister to continue as long as I am in this job to lead those trade delegations and to continue the momentum on that."

"The rules-based system is so important to New Zealand businesses operating on the international stage. We've been critical of other countries that have stepped away from their international obligations as part of the rules-based system and now is not the time for us to do that either."

"I think we also need to be looking at where New Zealand's competitive advantage lies internationally and that we are actually building on those opportunities and here I do want to talk for a moment about climate change... Increasingly around the globe, consumers want to know that the products they are buying are being sustainably produced and increasingly if we are not at the forefront of that, they're not going to buy our stuff anymore. So I think about Nestle, Nestle has said that they want to cut their carbon emissions by 50 per cent by the end

of this decade and if New Zealand can't be part of that then we run the risk of losing our access to some of those markets so we have to make sure we continue to be at the forefront at being one of the world's most sustainable food producers.

On Q&A on the 24th September, Jack Tame asked Grant Robertson and Nicola Willis (the two Finance Spokespeople) about our export economy.

Grant Robertson said that it was the role of the government to;

"support New Zealand to lift the value of our exports, but not the job of the Finance Minister or anyone else in government to say to somebody must work in [a certain] sector, but what we can do is add value and find new markets, find new ways of New Zealanders making higher wages, doing that in a low emissions way and making sure we deliver economic security."

"There is no single silver bullet for productivity in New Zealand... you've got to build on what we've been doing, new trade agreements that we've been able to sign, start adding value in our agricultural sector, the agritech support that we've given... moving into renewable energy space... making sure we get science working to drive towards new outcomes – game development sector – all those areas where we're good and the Government's job is to get alongside those who are doing that and lift the value of it."

On the same question, **Nicola Willis** said;

"The government's role is to create the conditions in which people will make those decisions [decisions to grow their business, invest, hire new people, take a risk, etc.]. First, do no harm – don't put too many barriers in the way in the form of red tape and regulation. Second, if there are issues that are getting in their way, if it's taking too long to get freight from port to the factory then try and reduce those barriers, make sure that they can get the skilled workers, that they need, make sure that they're not in a high-inflation, high-interest rate environment, help build access to foreign markets. The government's role is to create the conditions in which businesses and individuals want to invest and grow."

When asked what sectors they think will feature in the top five exports 10 years from now, **Nicola** said that *"she would like to see – export education, aquaculture, and software as a service (SaaS)."* **Grant** agreed on Software as a Service and added agricultural technology mentioning that *"we're brilliant, we've got great farmers, good, sustainable farmers. Let's build on that."* He then added exportable renewable energy.