

ExportNZ Trade & Advocacy Update November 2023

New Government's Trade Policy

It is quite clear that improving the political and economic relationship with India will be the most obvious change in emphasis under the new Government. A visit to New Delhi before Christmas from the new Trade Minister wouldn't be a surprise.

Attempting to revive the FTA with the Gulf Cooperation Council (or negotiate with the UAE) is also likely to be a priority.

Making some progress on CPTPP accessions will also be seen as important as will be a revival of effort to make progress in the Pacific Alliance negotiations with Latin America.

It will take new Ministers a while to get their heads around the successes and failures of the Indo-Pacific Economic Framework in San Francisco.

Ensuring the success of the EU and UK FTAs and leveraging these will obviously be important.

European Union-New Zealand Free Trade Agreement

The EU-NZ FTA moved one step closer to becoming a reality on Tuesday night with the European Parliament voting overwhelmingly by 524 votes in favour, 85 against, and 21 abstentions. This is the largest majority in favour of an EU FTA for many years.

There are still some hoops for the Agreement to pass through on the EU side and New Zealand has still to pass implementing legislation to allow ratification here. Hopefully, this will be given priority in the new Parliament.

Asia-Pacific Economic Cooperation (APEC)

Another APEC has come and gone. Hon Damien O'Connor represented New Zealand at all the meetings in San Francisco. The Golden Gate (2023 APEC Leaders) Declaration can be [found here](#).

Indo-Pacific Economic Framework (IPEF)

Expected outcomes in the Indo-Pacific Economic Framework's Trade Pillar did not eventuate at the meetings held in the margins of APEC. A supply chain Agreement was signed. This is a welcome development but the sensitivity on the trade side of the equation demonstrates how fragile trade policy is in the US at present.

Comprehensive & Progressive Trans-Pacific Partnership (CPTPP)

CPTPP Ministers and Senior Officials also met around the margins of APEC in San Francisco. They committed to a general review of the agreement next year. Little progress

was made on accessions, but Ministers noted the need to move forward collectively on the accession process in a way that reflects the interests of all members and maintains the high standards of the Agreement.

BusinessNZ Welcomes Shape of New Coalition

BusinessNZ has welcomed the coalition Government policy agreements and Ministerial appointments released today.

BusinessNZ Chief Executive Kirk Hope says the new Government's focus on policies conducive to business and economic health will be well received by New Zealand businesses.

"BusinessNZ has advocated for many of the policies adopted by the new Government, including cutting the regulatory red tape and unnecessary costs which are stifling many businesses.

"We look forward to working with the incoming Government on achieving change in many policy areas important for business and economic wellbeing."

BusinessNZ's assessment of members of the coalition's Ministerial roles is below:

Outcomes for business from new coalition Government details

The layout of responsibilities in the new coalition Government is better than expected, appearing economically sensible, cohesive, and positive for business. Cabinet responsibilities have been grouped together in realistic ways, with appointments assisting a balanced introduction of all three partners' policy priorities. The composition of the new Government could be helpful for business certainty and confidence and promote stability more generally. With regard to individual policy issues, most of the critical issues put up by National in their 100-day plan have been retained, apart from the foreign buyer tax, and most of the policies requested in the BusinessNZ Network's briefing to the incoming government have been addressed. Ministerial appointments appear well-suited to achieve both continuity and change:

Foreign Affairs

- Winston Peters as Minister of Foreign Affairs - Mr Peters' past success in this role and its required focus on the larger, international picture are a good fit with his interests and skills.

Regulation

- David Seymour being Minister for Regulation is a win, given the strength of his campaigning for a reduction in unnecessary regulation on business. BusinessNZ has long advocated for this to be a key role for Government, along with a Regulatory Standards Act. Businesses will be watching the performance of this portfolio closely.

Finance

- Stability and the achievement of National's policy objectives are supported by the naming of Nicola Willis as Finance Minister. This appointment bodes well for refocusing the Reserve Bank solely on price stability.

Workplace Relations and Safety

- Brooke van Velden in this role will be helpful to achieve the changes flagged for this portfolio including repealing Fair Pay Agreements, amending 90-day trials, and fixing contracting and holidays legislation.
- Workplace Relations under an ACT minister is positive as ACT has a detailed employment relations agenda very aligned to business, and a commitment to remove complexity.

Regional Development

- Shane Jones as Minister for Regional Development is a logical outcome from NZ First's campaigning and past performance with regard to this portfolio. Businesses will want to see NZ First's enthusiasm for regional development tempered by budgetary constraints facing the new Government overall.

Housing, Infrastructure, and RMA Reform

- As Minister, Chris Bishop can be expected to push hard for change in these interrelated portfolios that are all critical for business.
- The appointment of ACT's Simon Court as Undersecretary to the Minister for Infrastructure and Minister for RMA Reform will also lend support to changes proposed for housing, infrastructure and RMA reform.
- Both appointments reflect the interest of business in protection of property rights.

Local Government, Energy, Transport and Auckland

- Simeon Brown can be expected to push hard for change in these interrelated portfolios, again all critical for business.

Education and Immigration

- These are critical areas for business seeking adequate skills and the appointment of Erica Stanford in these related roles is a win. Having Education and Immigration under

one minister is positive as they are the two sources of labour supply. We made this point to both National and ACT before the election. "Getting the basics right" in education, and a revamp of immigration settings can be expected to be strongly pushed.

- However, tertiary education has been split out, with Penny Simmonds appointed Tertiary Education and Skills Minister outside Cabinet. Given the challenges in the tertiary sector and the need to bring the skills agenda in line with immigration and employment policies, it is disappointing this portfolio is not included within the Education and Immigration cluster.

Trade, Agriculture, Forestry, Hunting & Fishing

- Another clustering of related roles in the hands of a capable Minister, Todd McClay.

Commerce, Small Business and Manufacturing

- The appointment of Andrew Bayly as Commerce Minister and as the Minister for Small Business and Manufacturing, a new role with synergies across commerce and small business areas, will be appreciated by many businesses.

Climate Change and Revenue

- The appointment of Simon Watts, seen by many as a safe pair of hands, is positive for the roles of Minister of Climate Change and Minister of Revenue.

Health and Associate Health

- Dr Shane Reti as Health Minister is a positive move, being well acquainted with the myriad of workforce planning issues, having worked in primary healthcare during Covid while in Parliament. He is well connected in the Maori community and across their health issues.
- David Seymour as Associate Health (Responsible for Pharmac) brings a good signal however while coalition partners agree on change for Pharmac, however new investment for cancer and other treatments is still complex as crown revenues will be weaker in the short term. Reprioritisation may help without being a silver bullet.