

ExportNZ Trade & Advocacy Update February 2024

World Trade Organisation – MC13

One of the advantages of having Trade and Foreign Ministers who have occupied the portfolios before is that they hit the ground running. Having visited WTO Headquarters in January Hon Todd McClay is off to Abu Dhabi for the WTO Ministerial meeting, where he will also serve as one of three Vice Chairs of the meeting.

While expectations from this Ministerial are fairly modest this will be a great opportunity for the Minister to meet with a range of counterparts. This will benefit other parts of our trade agenda.

ExportNZ will be watching three key issues;

- 1) WTO reform and the reinstatement of the WTO Appellate Body, which the United States continues to actively block. It is unlikely that this issue will be solved at MC13.
- 2) The extension to the Moratorium on Customs Duties on Electronic Transmissions. An end to the Moratorium would mean countries would be free to implement tariffs on digital services traded across borders - increasing barriers to trade, making it more difficult for service and digital exporters to do business, and increasing costs for consumers to access digital products. ExportNZ & BusinessNZ joined 169 other organisations from around the world to voice our concern at the potential end to the Moratorium. You can read [the letter here](#).
- 3) Ending to Agriculture Domestic Support (i.e. Subsidies). There is not likely to be any progress on this issue. The OECD has estimated that annually between 2020 and 2022, US\$851 billion worth of direct and indirect subsidies were given to agriculture sectors around the world – nearly two and a half times higher than the amount of subsidies twenty years ago.

Comprehensive & Progressive Trans-Pacific Partnership

Canada has reportedly taken up the reins of CPTPP Chair with great enthusiasm and has this week Chaired the first Senior Officials meeting for the year. The focus is completing a full review of the Agreement, determining the processes that will be followed for membership applications (New Zealand has presented two papers on this following the work done last year when New Zealand was Chair), and encouraging new member applications.

Interestingly Indonesia is saying that it wants to apply for membership. This would be a very positive development – if a formal application eventuates.

Asia-Pacific Economic Community – Peru 2024

One could argue that with COVID and some internal challenges within some countries in the region, New Zealand-Latin America relations have been treading water. Prime Minister Key visited the region twice as Prime Minister but was the last Prime Minister to visit.

With Peru in the APEC Chair this year, and with all important meeting taking place face to face, we can almost guarantee that there will be a Prime Ministerial meeting to Peru, and maybe some other jurisdictions nearby, before the end of the year. Many other Ministers are also likely to visit as well as Trade Minister McClay and Foreign Minister Peters.

One of the new Trade Minister's stated objectives for this term is to try and reinvigorate the relationship between New Zealand and the Pacific Alliance. The meetings in Peru will be a great platform from which Minister McClay can launch this work.

Peru has four goals for the year. Aside from continuing the agenda set in the United States last year the focus will be on:

- Trade and Investment for inclusive and interconnected Growth;
- Innovation and digitalization to promote the transition to the formal and global economy; and
- Promoting sustainable growth for resilient development.

Gulf Cooperation Council & the United Arab Emirates

One of the non-WTO issues that Minister McClay will be pursuing in the margins of the WTO Ministerial will be the chances of progressing the FTA with the GCC. Some are suggesting that there is still interest in resuming negotiations but that new problems keep emerging in the market access space. This is particularly so for some agricultural exports.

The UAE is now prepared to negotiate FTAs independent of the GCC (of which it is a member). The New Zealand preference seems to be to negotiate with the UAE only if it will not undermine the chances of one day concluding the FTA with the GCC.

India-New Zealand Relations

Minister McClay delivered on his pre-election commitment to visit India by Christmas. The visit seems to have been welcomed by the Indian side but there is clearly much work to be done on the wider relationship before FTA negotiations can resume. No one should be anticipating rapid progress on this possibility.

European Union-New Zealand Free Trade Agreement

The European Union-New Zealand Free Trade Agreement is currently in the House and is before the Foreign Affairs, Defence, and Trade Select Committee as the [European Union Free Trade Agreement Legislation Amendment Bill](#).

This Bill proposes the necessary amendments to current Acts that will align the relevant New Zealand laws with certain obligations under the FTA and is an important step to ratifying the FTA and allowing to enter into force.

Alongside the New Zealand International Business Forum, ExportNZ made a written submission supporting the passage of the Bill, and implementation of the FTA. We did, however, also note a number of concerns we have regarding the proposed expanded regime for geographical indicators and the added burden on New Zealand food and wine producers.

You can access our [submission here](#).

Red Sea Issues

We continue to keep a watching brief over the issues in the Red Sea and the disruptions to global shipping that the Houthi strikes are causing.

Shipping costs have increased (double the cost pre-mid-December in many cases), and some exporters are facing delays and even order cancellations. However, we have not heard of widespread issues and the situation is considered as being manageable for now. We do understand, as well, that there are some delays in getting some imported goods and materials from Europe to New Zealand.

Unfortunately, exporters should continue to factor in the potential for delays and disruptions in the Red Sea for the foreseeable future. Especially as we enter seasonal peaks for a number of commodity products.

Mixed and Processed Food & Beverage – Feedback on Regulatory System

ExportNZ is calling out for feedback from mixed/processed food and beverage exporters and manufacturers on the regulatory environment here in New Zealand, and when engaging in overseas markets.

We have actively engaged with Ministry for Primary Industries on issues and bottlenecks faced by the sector and would like to ensure that we are still advocating in the right areas of work.

If you would like to speak with ExportNZ about the regulatory environment for Mixed/Processed Food & Beverage exporters and manufacturers, please email jtan@exporthz.org.nz.