

ExportNZ Trade & Advocacy Update March 2024

India

Foreign Minister Peters paid an important visit to India this month. The visit appears to have gone well and to have been appreciated by the Indian side. No specific outcomes were expected, particularly on the trade front. But the Government appears to understand that if progress is to be achieved on the trade agenda there needs to be a very solid political foundation. The visit by Winston Peters was essentially designed to demonstrate how important the bilateral relationship with India is for New Zealand and how seriously we take India. India's growing interest in the Pacific is also an important consideration. Trade Minister McClay visited India before Christmas and a visit to India by Prime Minister Luxon is anticipated later in the year.

China

China's Foreign Minister Wang Yi visited New Zealand earlier in the week. He met the PM, and Trade Minister McClay as well as a long formal meeting and dinner with his host Deputy PM Winston Peters. The visit was very much political in focus, but trade was directly and indirectly part of the agenda. China has two specific trade policy asks of New Zealand at present. One is membership of CPTPP. The other is membership of the Digital Economic Partnership Agreement. Neither request is straightforward. Indirectly, New Zealand is very keen to keep the political relationship with China positive to avoid the potential for trade relations of the type that some other countries (e.g. Australia) have experienced in the past. It seems that this visit was regarded positively by both sides. This will be welcomed by New Zealand exporters.

Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

MFAT has opened consultations on the General Review of the CPTPP. Submissions need to be in by late April. See [here to make a submission](#).

No progress has been achieved on accession applications or potential new applications for membership since our last report.

United Arab Emirates

As foreshadowed in our last report Trade Minister McClay explored further the possibility of a FTA negotiation with the UAE separate from the ongoing (but essentially stalled) negotiation with the Gulf Cooperation Council (of which the UAE is a member). Talks went well and exploratory discussions at officials level are now planned. MFAT is also calling for submissions on this negotiation possibility. ExportNZ will write a submission on behalf of the sector supporting the start of negotiations with the UAE. Submissions are due by 30 March.

See [here to make a submission](#).

Other Gulf Cooperation Council members appear relaxed about this development.

World Trade Organisation

The WTO Ministerial failed to deliver on any of New Zealand's goals apart from an extension of the e-commerce moratorium until the next Ministerial or 31 March 2026 (whichever is earliest). Even the moratorium extension looked shaky with even the United States looking far from staunch on the issue.

The meeting demonstrated how much the multilateral trade system is suffering from the lack of strong leadership that has allowed progress in the past. India in particular flexed its muscles at this meeting.

The US left the meeting a day earlier and seemed far less committed to supporting progress than would normally have been expected.

Many officials and Ministers worry about the WTO's future – particularly if we have a second Trump Presidency and if he implements the tariff policy he is campaigning on.

A weak WTO makes plurilateral agreements such as CPTPP and RCEP more important, particularly for medium sized players such as New Zealand. The EU and UK FTAs are also well timed....

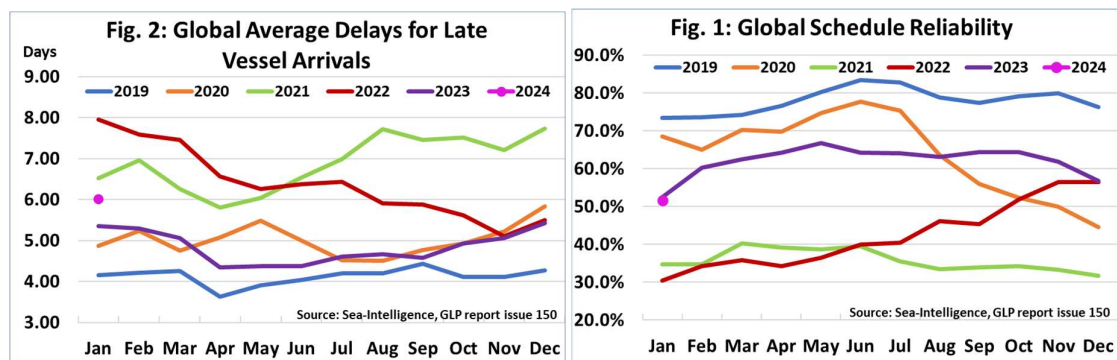
Supply Chain Disruption

International

Global supply chain pressures have decreased significantly according to [the Global Supply Chain Pressure Index](#). The Index has peaked back up above the historic average and currently sits at 0.10 this is an increase from -0.23 in January 2024. This suggests that global supply chains conditions are at a "normal" level, despite the complications caused by the Red Sea and Panama Canal disruptions.

Sea Intelligence's Global Liner Performance report shows that global schedule reliability continues to decrease and declined to 51.6 per cent reliability in January (from 56.7 per cent in December). Year on year, global reliability is similar to where it was this time in 2023.

Due to the round-of-Africa sailings, the average delay for LATE vessel arrivals increased by 0.59 days M/M to 6.01 days.



(Sea Intelligence, March 2024)

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@exportnz.org.nz.