

## **ExportNZ Trade & Advocacy Update June 2024**

### **Trade News Update**

The global situation has become increasingly tense with Europe following the United States in announcing new tariffs on Chinese electric vehicles. China is proposing retaliation. US wider trade policy under President Biden is appearing even more protectionist, and President candidate Trump is doubling down on plans for more tariffs, should he win. It is too early to determine what the outcome of the EU Parliament elections mean for EU trade policy. Short term there will be a focus on the French Presidential elections. Of course, the UK is going to the polls in July also. Both the UK and the EU are now important FTA partners for New Zealand. The UK is also increasingly influential in CPTPP. In theory, government and key personnel changes should not impact treaties already in force, but in this increasingly crazy world, who knows... But against this rather grim backdrop, there are some positive developments for New Zealand.

### **China**

The visit to New Zealand by Chinese Premier Li Qiang appears to have gone well. During the visit, a new cooperation arrangement for infant formula was signed and an export plan that allows the resumption in trade in kiwiberries was finalised. Negotiations on an updated agreement on trade in services – importantly based on a negative list approach – were also announced. This means that all services are covered and any restrictions on parts of the sector will need to be specified. This will benefit many New Zealand services exporters. It also means that all new services that are developed in the future will benefit fully from the services rules that are agreed to. Tourism and education are the major services currently traded with China. Hopefully, these and other sectors can see further real liberalisation agreed in these negotiations.

### **Japan**

The Prime Minister's visit to Japan also appears to have gone well. The visit seems to be appreciated by the Japanese side and a number of businesses will be benefitting from the doors that a Prime Ministerial visit has opened. Japan is currently the leading voice in CPTPP so having a Prime Ministerial and Trade Minister-level engagement on this important agreement will be valuable.

### **Indo-Pacific Economic Framework (IPEF)**

Earlier in the month, Trade Minister Hon. Todd McClay and Climate Change Minister Hon. Simon Watts travelled to Singapore for a range of bilateral meetings and to sign three agreements that are part of the Indo-Pacific Economic Framework (IPEF) process. IPEF has 14 members, it represents 40% of global GDP and 50% of New Zealand's exports. The

membership includes New Zealand, Australia, Brunei, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, The Philippines, Singapore, Thailand, the United States and Vietnam.

Minister McClay attended the IPEF Ministerial meeting and signed the overarching agreement and one on the “Fair Economy”. Minister Watts signed a Clean Economy Agreement and met with investors interested in the area.

Unfortunately, IPEF does not yet encompass trade liberalisation in its agenda.

Full details on the IPEF Agreements can [be found here](#).

The IPEF Meeting in Singapore also marked the end of an era for MFAT negotiator Mark Sinclair, who is retiring from the trade negotiations game. He is a former lead negotiator on TPP and has led the IPEF process. He also served with distinction in Geneva and many other trade policy roles over the years. We wish Mark well for the future. Two other former senior trade negotiators have retired from MFAT in recent months. These are Martin Harvey and Dr David Walker. We wish them well also.

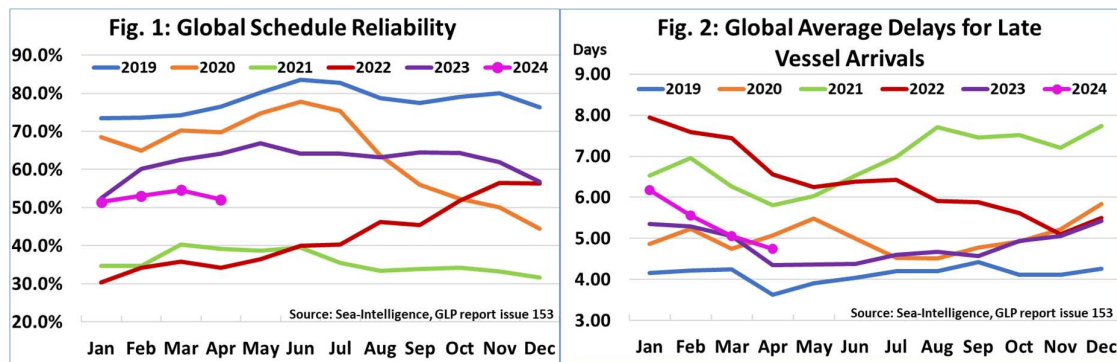
## Supply Chain Update

### International

According to [the Global Supply Chain Pressure Index](#) pressure on the global supply chain remains under the historical average, although it has increased slightly. The Index sits at -0.48 for the month of May, an increase from -0.92 in April.

Sea Intelligence’s Global Liner Performance report also shows that global schedule reliability has dropped back to January-levels, and sits at 52.1 per cent reliability (from 54.6 per cent in February). Year on year, global reliability -12.1 percentage points below the level in April 2023.

The average delays for late vessel arrivals, however, continued to fall, being -0.31 days lower than March 2024.



(Sea Intelligence, 31 May 2024)

### Red Sea

The disruptions in the Red Sea continue, and it was [reported last week](#) that another commercial freighter was hit and sunk with a member of the crew killed in the attack.

The attack and ongoing disruption in the Red Sea has caused congestion at key transshipment ports to increase sharply – as [reported by Drewry](#).

Drewry reports that due to the diversions put in place, carrier service patterns have also changed and this has caused a knock-on effect to port procedures and productivity. Wait times to berth in Singapore have increased significantly, and this has led to fewer vessel calls, but larger than average exchanges.

## **Trade Advocacy Update**

### **Option for Export Exemptions From Composition and/or Labelling Under the Food Act 2014 [OPEN]**

The Ministry for Primary Industries is consulting on the proposed options for export exemptions from composition and/or labelling under the Food Act 2014.

All food produced for sale in New Zealand, including those for export, must comply with the applicable composition and labelling requirements for the Australia/New Zealand Food Standards Code and certain New Zealand specific food standards.

For exported goods, these requirements can differ from those of the importing country, in which case exporters must apply for an exemption form MPI.

This consultation presents a good opportunity for exporters to provide feedback about the issues and constraints the current process has on exporters.

ExportNZ will be submitting our feedback on the proposal, and we strongly encourage food exporters to also submit.

The Consultation period closes on the 26<sup>th</sup> July, and [more information can be found here](#).

### **Therapeutic Products Act Repeal [NOT YET PROGRESSED]**

On the 8<sup>th</sup> May, the Associate Minister of Health, Hon. Casey Costello, confirmed the Therapeutic Products Act will be repealed this year.

The Associate Minister acknowledges that the Medicines Act is not fit for purpose and that while the Government will repeal the TPA, there will be work done to modernize the regulatory framework.

As much of the work in the Act wasn't due to come into force until 2026, the repeal of the Act should not be a difficult task. And the Associate Minister will make improvements to the Medicines Act as well as the Dietary Supplements Regulations.

### **Climate Change Commission – 2050 Goal Review, and the Inclusion of International Aviation and Shipping Emissions [COMPLETED]**

The Climate Change Commission is currently reviewing New Zealand's 2050 Emissions Target, and as part of this review is consulting on whether emissions from international shipping and aviation should be included in the target.

ExportNZ heard from various parts of the export sector, and our position was that we do not support including international aviation and shipping (IAS) emissions in the 2050 target in the current Review of the 2050 target.

There were a number of issues outlined in the discussion document and that were raised by exporters which lead us to believe there needs to be more work internationally before we can commit to including the emissions in the 2050 Goal and levying the sector. We support New Zealand's commitment to international initiatives led by the International Maritime Organisation (IMO) and the International Civil Aviation Organisation (ICAO). We support reconsidering this issue in the near future once there is an effective global pathway to transition to green transport fuels.