

# ExportNZ Trade & Advocacy Update November 2024

## Trade & Export News Update

### **United States – Comprehensive Trump Victory**

We now know the outcome of the US Election. The Republicans will control all facets of the US federal government – the Presidency, the Senate, the House of Representatives, and the Supreme Court. However, the exact nature of any policy changes that might occur after the new administration is inaugurated is far from certain.

There has been a lot of rhetoric regarding tariffs from the Trump campaign and many New Zealand businesses will be curious as to what the impact may be. To date, nothing has been formally announced regarding new tariffs on New Zealand exports to the United States.

We eagerly wait to see the announcement of Trump's trade representative and concrete announcements about the direction of US trade policy for the next four years.

ExportNZ recommends that companies monitor developments closely, and engage early with your US importers and distributors. We will monitor any developments and will provide updates and advice when we know more.

### **Asia-Pacific Economic Cooperation – Peru 2024**

The Prime Minister and the Ministers of Foreign Affairs and Trade all attended the final APEC meetings of the year in Lima, Peru last week. The APEC economic leaders endorsed [the Machu Picchu Declaration](#), a consensus declaration to advance efforts to achieve APEC's ambitious economic growth agenda.

Leaders also endorsed the Lima Roadmap to promote the transition to the formal and global economies (2025-2040) and the Ichma Statement on a new look at the free trade area of the Asia Pacific agenda.

Aside from the formal agenda, there was intensive bilateral activity around the meeting and an informal Ministerial meeting of all CPTPP members (aside from the UK). On the bilateral front, the most notable meeting was between Prime Minister Luxon and Chinese President Xi Jinping. A prime ministerial visit to China looks very likely for the first part of 2025.

The Minister of Foreign Affairs also made bilateral visits to Mexico and Chile in advance of the APEC meetings.

## **Agreement on Climate Change, Trade, and Sustainability**

While attending APEC, Trade Minister Todd McClay took the opportunity to announce the signing of the Agreement on Climate Change, Trade, and Sustainability. The deal includes Costa Rica, Switzerland, and Iceland and includes three key outcomes:

- 1) Removal of tariff and non-tariff barriers on 300 environmental and energy-saving goods and services.
- 2) Establishes clear rules and prohibitions on fossil fuel subsidies.
- 3) Establishes clear guidelines on voluntary eco-labelling.

While the deal only includes four countries, our hope is that more countries will want to sign up to the agreement.

The ACCTS will have to go through a parliamentary ratification process from here. ExportNZ will write in support of the deal.

## **The Comprehensive and Progressive Trans-Pacific Partnership**

We understand that good progress was made by those Ministers from CPTPP members who met in Peru. There is optimism that the general review of the Agreement will be completed when all members meet again between 25 and 28 November in Vancouver. There may also be a breakthrough on the accession with agreement being close on the opening of negotiations with one of the applicant economies. Costa Rica is most frequently discussed as that economy.

## **EU Forestry Regulation**

The EU Parliament has agreed to delay implementation of the contentious EU deforestation regulation by a year. It has also voted in favour of several amendments that might be favourable to New Zealand.

This regulation aimed to prevent deforestation-linked products from entering the EU market unless they met certain conditions. The regulations could have potentially caught some New Zealand exports while many more would have had to provide a due diligence document showing that they had not contributed to deforestation or forest degradation and that they complied with a wide range of New Zealand laws. Beef grazed on land harvested post 31 December 2020 would have been prohibited from export to the EU unless that land had been subsequently replanted. Requirements for geolocation data for some NZ beef exports would also have been a challenge given the way the New Zealand industry operates.

The revised regulation has introduced a country risk classification system. On the surface, there is a strong argument that New Zealand should be treated as a "no-risk" country. This would mean a much lighter regulatory touch than the original regulation was suggesting. The EU has until 20 June 2025 to finalise the country classification system. No doubt the New Zealand Government team will be busy arguing New Zealand's case. We will keep monitoring progress.

## **Trade & Export Advocacy Update**

### **Gulf States trade deal unlocks new region**

ExportNZ welcomes a new Free Trade Agreement (FTA) between New Zealand and the Gulf Cooperation Council, which provides new avenues for exporters.

Executive Director Josh Tan says the agreement with the Gulf States will streamline processes to get New Zealand products on shelves in the Gulf sooner.

“This FTA provides new market access to several Gulf States, making it easier for exporters to engage with customers and clients, and grow their business overseas.

“Exporters will be pleased to hear tariffs on 99 percent of goods will be eliminated in the first ten years of the FTA coming into force, providing certainty to businesses looking to enter Gulf States markets.

“With this deal and the recent NZ-UAE FTA, New Zealand now has access into the economic hubs of the Middle East. These deals will help unlock the region for exporters who had previously been deterred from doing business in the Gulf.

“The Government has set an ambitious target to double our export value by 2034. Agreements like this and the UAE-NZ FTA will help exporters reach that goal.

“ExportNZ on behalf of all NZ exporters, would like to thank our negotiators in securing this new deal.”

Information on the NZ-GCC FTA can be [found here](#).

### **NZ Customs & Ministry for Primary Industries – customs fees review [CLOSED]**

ExportNZ and ManufacturingNZ submitted our position on this consultation. We recommended that any changes to the Customs and MPI fees and levies for border activities be put on hold, and that agencies should:

- Undertake a full review of the cumulative impact of increased cost recovery on businesses across all Government agencies.
- Provide the necessary details on the projected costs and cost containment measures,
- Measure the public good of the MPI and Customs activities and ensure that exporters and importers do not bear the costs of criminal activity or biosecurity risks for which they are not responsible.

We also recommended that MPI consider abating some of their compliance charges for new and very small exporters to assist them in growing their contributions to the wider economic well-being.

Finally, we rejected the proposed move to a “per-consignment” charge rate and recommend that Customs and MPI continue to use the “per-Report” charging framework with a reasonable increase after consideration has been given to the above recommendations.

You can see the [ExportNZ/ManufacturingNZ submission here](#).

### **Gene technology – Proposed rule changes [public consultation not yet started]**

Science, Innovation and Technology Minister Judith Collins announced legislation changes to end the ban on using gene technology outside the lab, and the introduction of a regulator body on the 13<sup>th</sup> August. The Minister promised to introduce legislation by the end of the year.

More information can be [found here](#) on the Ministry of Business, Innovation and Employment website.

### **BusinessNZ: Government support for SMEs, notable actions since the start of 2024**

More than 40 actions and policy changes benefiting small businesses have been made this year, according to a BusinessNZ analysis of Government [support for SMEs](#). The changes relate to sectors including agriculture, building and construction, forestry and marine farming, and include policy changes relating to seasonal employment issues, immigration, cyber protection and mental health. BusinessNZ will continue to track the performance of the policy environment affecting small businesses.

### **ExportNZ DHL Export Barometer Report 2024 [PUBLISHED]**

This year's ExportNZ DHL Barometer Report was released earlier this month. It is based on nationwide research, examining the business outlook of exporters, highlighting changes in overseas market demand and providing insights into the factors impacting on New Zealand's export trade. The research was conducted between 01 June and 30 June 2024 and received 271 responses.

#### **Our key finding:**

- A net 18% of respondents reported a positive export performance over the last 12 months.
- A net 51% of respondents expect to see export orders grow over the next 12 months.
- The top barriers to exporting have remained consistent for three years running, and continue to be:
  - cost and supply of supply chains and logistics,
  - high cost of doing business in New Zealand, and the
  - value of the New Zealand Dollar.
- Labour shortages are also an ongoing barrier to exporting more from New Zealand, but as demand for goods overseas drops the need for exporters to add more staff also falls as shown in these results.
- 40% of respondents said their costs had increased by 20% or more.

- 85% of respondents reported that their logistics and supply chain costs had increased, including 10% who reported an increase of 50% or more.
- In response to rising costs and slowing consumer demand, respondents are taking actions including:
  - Developing new products/services,
  - Improving business processes,
  - Entering new markets,
  - Enhancing their presence online.
- What can the Government do to support exporters?
  - More support to attend trade shows,
  - Continue to sign free trade agreements,
  - Access to support for market research, Research & Development, and from NZTE.

You can read [the full report here](#).